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EASTERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED
CORPORATE OFFICE :: VISAKHAPATNAM

From

The Chief General Manager,
 PPA, RA & QC,
 APEPDCL, Corporate Office,
 Seethammadhara,
 Visakhapatnam – 530013.

To

Sri. Penumalli Madhu,
 State Secretary,
 H.No.27-28-12, CPI(M),
 State Committee Office,
 Yamalavari Street, Governorpet,
 Vijayawada – 500 002

Lr.No.CGM/PPA, RA&QC/EPDCL/VSP/RAC/F:True-Up/D.No. 190 /19, dt. 07-10-2019

Sir,

Sub: APEPDCL – RAC – Replies to the Objections received on True-up petition filed by APDISCOMS on Retails Supply Business for 2017-18 - Regarding.

Ref: Your Objection letter dated. 18-08-2019

We are in receipt of your suggestion/ objections on True-up petition filed by APDISCOMS on Retails Supply Business for 2017-18 and the same is herewith acknowledged with thanks. Para wise replies of APEPDCL are as follows:

| Para No /Brief Issue | EPDCL Response |
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| 1. APSPDCL and APEPDCL, being independent entities should have submitted their true-up applications separately. However, a common application is filed by both the Discoms for the year 2017-18, claiming revenue true-up of Rs.20 crore and expense true-up of Rs. 2576 crore, with a carrying cost of Rs.660 crore at an interest rate of 12% considering FY 2019-20 as the year of approval. While the revenue true-up of Rs.596 crore for EPDCL is shown as surplus, its total true-up claim is shown as Rs.434 crore, including a carrying cost of Rs.88 crore. Whereas, SPDCL has shown a total true-up claim of Rs.2823 crore, including a carrying cost of Rs.573 crore. Whatever be the true-up amounts that the Hon'ble Commission is going to permit, its impact on consumers should be confined to the respective true-up amounts of the Discom concerned. It should not be an average for the entire State. The benefit of true down for EPDCL should accrue to its consumers and the same should not be adjusted for true up of SPDCL. | It is to inform that, in view of the uniform nature of Retail Supply Tariffs across the state independent of the service area of the distribution licensees, the DISCOMs are proposing to impose the burden of per unit True-Up also on uniform basis across the State. Further Power Purchase cost which constitutes around 80% of the entire expenditure of Distribution business is being incurred centrally to optimize the procurement cost and reduce the transaction costs. Even in the True-Up exercise, Power purchase cost variation is major element and so the DISCOMs have proposed for uniform levy of per unit True-up across the State. |

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| Para No /Brief Issue | | EPDCL Response |
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| <p>2. While the Hon'ble Commission approved a total power purchase of 56,584 mu for the year 2017-18, the actual purchases claimed by the Discoms are 55,761 mu only, i.e., there is a lesser purchase of power by 822 mu. Despite that, against total power purchase cost of Rs.23,231 crore approved by the Commission, the Discoms incurred an expenditure of Rs.25,806 crore for power purchase, i.e., higher by Rs.2,576 crore. They have shown additional payment of Rs.1,928 crore towards fixed cost and Rs.553 crore towards variable cost. The Discoms have claimed that supply of power is lesser vis a vis energy despatch approved by the Commission for the year 2017-18 by 2114 mu from APPDCL, by 5475 mu from TS Genco, by 499 mu from AP Genco hydel, by 528 mu from NCE, and by 1290 mu from IPPs and others. Did the Discoms claim and collect liquidated damages from the power stations concerned for lesser supply of power as per the terms and conditions in their respective PPAs, wherever applicable? While there is lesser supply of power to the tune of 712 mu from KSK Mahanadi, under 600 MW DBFOO, there is no supply at all against 1090 mu approved by the Commission. The Discoms have not explained the reasons for shortfall in generation and supply of power.</p> | | <p>Whenever there is a short supply of power from the plants which are governed by PPAs & Two part tariff structure (Capacity Charge & Energy Charge), owing to the issues of Plant availability (either due to outage or due to shortage of supply) capacity charges payable to such generators would be reduced proportionately as per the provisions of the PPA.</p> <p>Main reason for deficiency in supply is less availability, declaration by the concerned Generator owing to shortage of Coal and the payment of capacity charges are made accordingly.</p> |
| <p>3. While supply of power from TS Genco is lesser by 5475 mu, additional purchase from AP Genco is 3410 mu only. Obviously, it is much lesser than what AP Genco should have supplied to TS Discoms. On earlier occasions, the Discoms claimed that they were purchasing power additionally from AP Genco, i.e., the share of TS Discoms in the power stations of AP Genco. Even while claiming that they have purchased 3040 mu from the market against 196 mu permitted by the Commission, the Discoms have failed to explain as to why they could not purchase the share of TS Discoms from the stations of AP Genco following "regulation of power from TSGENCO stations to AP Discoms from 11th June 2017 onwards." Following that "regulation," supply of power from stations of AP Genco also was "regulated" to TS Discoms, and, as such, additional power to the extent it was regulated must have been available from AP Genco to be purchased by AP Discoms. At the same time, the Discoms have claimed that they have purchased 1889 mu</p> | | <p>Following the mutual regulation of purchase/supply of power between the entities of AP & TS from 11th June 2017 onwards, APDISCOMs have been procuring entire generation of APGENCO plants. Since percentage share of TS in the PPAs is more than that of AP to the extent of 8%, and installed capacity based on geographical location is more in AP, expected quantum of thermal power from AP Genco plants was more than that of the quantum available in pre-regulation period.</p> <p>As the expected availability from AP Genco Stations did not materialize, the DISCOMs fell short of the required energy availability, and in order to ensure reliable & uninterrupted power supply, the DISCOMs have resorted to market purchases. Out of 2820 MU of market purchases, the DISCOMs have procured 1581</p> |

| Para No /Brief Issue | EPDCL Response |
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| <p>additionally from gas-based IPPs against 346 mu (from Reliance) approved by the Commission. While Reliance failed to supply the approved quantum of power, the Discoms have purchased 1030 mu from GVK, 560 mu from Spectrum and 645 mu from Lanco, without any approval of the Commission. The Discoms have claimed that they have purchased 2820 mu from the market at a total cost of Rs.742 crore. However, the Discoms have failed to give details pertaining to the kind of procedure they followed for purchasing 2820 mu from the market, from which projects, per unit cost and quantum of power from different sources. It needs to be clarified by the Discoms whether additional purchases on such a higher scale were made by them without seeking prior consent of the Hon'ble Commission, both in terms of quantum and cap for tariffs to be paid, and the procedure to be adopted for such purchases to ensure competitive tariffs. Since the Discoms had not sought and got permission of the Hon'ble Commission for purchasing additional power from the market, maximum cap of tariff and the procedure to be adopted for competitive bidding for such purchases, it reflects "executive arrogance" of the powers-that-be who handled such purchases from VidyuthSoudha. It is a negation of the directions given periodically by the Hon'ble Commission on additional power purchases to be made by the Discoms and reflects recklessness of the powers-that-be that they need not seek prior permission of the Commission for such purchases and their contempt for regulatory requirements and questionable approach that the Commission would or should give its consent to such purchases as and when they seek.</p> | <p>MU from Power Exchange (IEX), which operates on a transparent process of competitive bidding platform.</p> <p>Another 1200 MU of energy has been procured through banking mechanism (SWAP) with power utilities of other states on returnable basis.</p> <p>The weighted average rate of procurement of power from the exchange is lesser than the approved per unit rate by the Hon'ble APERC.</p> |
| <p>4. The Discoms have maintained that they have incurred fixed cost more by Rs.1786 crore against Rs.4026 crore approved by the Commission. While the fixed cost paid to thermal stations of TS Genco was lesser by Rs.668 crore against Rs.845 crore approved by the Commission, the additional fixed cost paid to thermal stations of AP Genco was higher by Rs.822 crore against Rs.965 crore approved by the Commission. In other words, for not purchasing 5475 mu from TS Genco, the Discoms have not paid Rs.668 crore towards fixed cost, whereas for purchasing 3410 mu additionally from AP Genco (including</p> | <p>Thermal Generating stations located in Telangana State are older units, when compared to the stations located in Andhra Pradesh. This causes, per unit fixed cost of generating stations in TS, at lower side when compared to its counterparts in AP. This is the reason behind payment of higher fixed costs by AP DISCOMs when "Regulation" of power came into force between AP & TS.</p> <p>During certain instances in the grid operations, Thermal Power Stations are</p> |

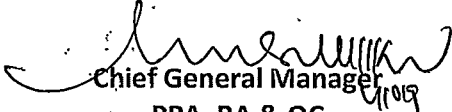
| Para No /Brief Issue | | EPDCL Response |
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| <p>APPDCL), the Discoms have paid Rs.1786 crore additionally. It confirms that compared to the quantum of power not purchased from TS Genco and the quantum of power purchased additionally from AP Genco, on an average the Discoms have paid higher fixed charges per unit to AP Genco. The reasons for the same need to be explained by the Discoms to examine whether such higher payments are justified or not. That apart, fixed cost being fixed in nature, it cannot increase for purchase of the quantum of power approved by the Commission. Therefore, the moot point is whether the Discoms backed down capacities of the stations of AP Genco and paid fixed charges therefor. If so, what were the quantum of power backed down by the Discoms and fixed charges paid therefor to AP Genco and other thermal stations, if any?</p> | | <p>backed down to accommodate Renewable Energy sources which have been conferred "Must Run" status. During the period of backing down, the thermal generating stations have to be compensated for fixed cost payment, if they confirm the availability, as per the provisions of the PPAs.</p> <p>The quantum of backing down & fixed charges paid to AP Genco stations for the above period is as furnished in the enclosed Statement.</p> |
| <p>5. The Discoms have shown that they could not sell a surplus of 1540 mu. At the same time, they have purchased 2625 mu more than what was approved by the Commission from the market. What are the reasons for the same? Did the Discoms back down thermal power in order to purchase high cost and must-run non-conventional energy to the tune of 9788 mu against 10316 mu approved by the Commission, exceeding their obligations under RPPO, and pay fixed charges therefor? If so, what are the costs per unit of NCE purchased and per unit cost of power from the thermal stations backed down, station-wise and unit-wise?</p> | | <p>Prevailing price in the Short-Term market at the time of surplus availability with us is the criteria for selling power outside. If the prevailing price is lesser than the marginal variable cost of the generating station at that instant, its not commercially prudent to opt for sale of power.</p> <p>The DISCOMs have taken every possible step to sell the surplus power available at their disposal. Availability of surplus power on the basis of Time of the Day (Peak Load Hours, Day Time Power, Night Power etc) is important to fetch reasonable revenue. RE power has been purchased in accordance with the provisions of the approved PPAs and regulations governing grid operations. The details of Per Unit Cost of the Thermal Power Backed down is furnished in the above mentioned enclosed Statement.</p> |
| <p>6. The Discoms have claimed that following fixed costs determined by the Commission for SDSTPS stage I (2x800 MW) on 2.3.2019, they have to pay Rs.946.66 crore additionally to the project. When the Commission fixed an interim tariff of Rs.3.63 per unit, with a fixed cost of Rs.1.02 per unit, and when actual energy availed from SDSTPS-1 was with a PLF of 56.72% only, and when the Discoms paid Rs.457.26 crore @ Rs.1.02 per unit for the year 2017-18, the</p> | | <p>It is to inform that short payment of fixed cost would take place, if the generator didn't achieve the target availability factor as specified in the relevant PPA.</p> <p>The matter of not allowing the fixed cost payments on retrospective basis to SDSTPS is within the purview of the Hon'ble APERC.</p> |

| Para No /Brief Issue | EPDCL Response | | | | | | | | | | |
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| <p>fixed costs determined by the Commission for the station on 2.3.2019 cannot, and should not, be applied with retrospective. Therefore, we request the Hon'ble Commission not to approve payment of additional sum of Rs.946.66 the Discoms have claimed to have paid to the said station under true-up. When fixed cost was approved by the Commission for availability at 80% PLF and when the station could achieve 56.72% PLF only, liquidated damages should be collected from SDSTPS-1 for generation and supply of power below threshold level.</p> | | | | | | | | | | | |
| <p>7. The Discoms have claimed that while the Commission approved Rs.3.01 per unit as the average variable cost for the year 2017-18, they have paid @ Rs.3.08 per unit. They have not explained the reasons for paying higher variable costs. The justification or otherwise for paying higher variable costs needs to be examined.</p> | <p>Ownership wise / Source wise variation in respect of the per unit variable cost is given in Table 15 of the petition.</p> <p>The increase in variable cost is due to increase in Basic price, Fuel Cost Adjustment (FCA) levied by the Coal / Gas companies and increased freight charges levied by Railways and other transportation agencies.</p> | | | | | | | | | | |
| <p>8. The Discoms have claimed that other costs paid by them increased to Rs.961 crore from Rs.408 crore approved by the Commission. They have not explained what those other costs are and why a sum of Rs.553 crore was paid by them. The justification and permissibility for paying such a huge amount for unexplained other costs need to be examined.</p> | <p>Other Costs include expenditures incurred on account of Additional Interest on pension bonds, incentives paid if any and actual payment of Income Tax. These are the prudent expenditures made by the DISCOMs and submitted for admission in to the True-Up</p> | | | | | | | | | | |
| <p>9. We request the Hon'ble Commission to determine the amounts taken over or to be taken over by GoAP from the debts of the Discoms for the year 2017-18 under UDAY and deduct the same from their true-up claims. In the subject petition, the Discoms have not given the details of taking over of their debt by GoAP under UDAY.</p> | <p>As per Clause 1.2(a) of the MoU, GoAP agreed to take over 75% of working capital term loan of Rs.8461.75 Crs. and 100% FRP bonds of Rs.2546.15 Crs. of the APDISCOMs outstanding as on 30th September, 2015. Accordingly GoAP issued G.O.Ms.No.27, Energy Infrastructure & Investment (Power-I) Department, dt.26-07-2016.</p> <table border="1" data-bbox="922 1480 1497 1749"> <thead> <tr> <th data-bbox="922 1480 1198 1559"></th><th data-bbox="1198 1480 1497 1559">Outstanding loans as on 30-09-2015</th></tr> </thead> <tbody> <tr> <td data-bbox="922 1559 1198 1592">Capex Loans</td><td data-bbox="1198 1559 1497 1592">3712.49</td></tr> <tr> <td data-bbox="922 1592 1198 1671">Working capital Loans</td><td data-bbox="1198 1592 1497 1671">8461.76</td></tr> <tr> <td data-bbox="922 1671 1198 1704">FRP Bonds Liability</td><td data-bbox="1198 1671 1497 1704">2546.15</td></tr> <tr> <td data-bbox="922 1704 1198 1749">Total</td><td data-bbox="1198 1704 1497 1749">14720.40</td></tr> </tbody> </table> <p>Out of the total outstanding loans of Rs.14720.40 Crs. as on 30-09-2015, GoAP has accorded approval for takeover of 75% of working loans (Rs.6346.32 Crs.) and 100% of</p> | | Outstanding loans as on 30-09-2015 | Capex Loans | 3712.49 | Working capital Loans | 8461.76 | FRP Bonds Liability | 2546.15 | Total | 14720.40 |
| | Outstanding loans as on 30-09-2015 | | | | | | | | | | |
| Capex Loans | 3712.49 | | | | | | | | | | |
| Working capital Loans | 8461.76 | | | | | | | | | | |
| FRP Bonds Liability | 2546.15 | | | | | | | | | | |
| Total | 14720.40 | | | | | | | | | | |

| Para No /Brief Issue | EPDCL Response | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | <p>FRP bonds (Rs.2546.15 Crs.).</p> <table><tr><th></th><th>EPDCL</th><th>SPDCL</th><th>Total</th></tr><tr><td>Against 100% FRP Bonds</td><td>1205.95</td><td>1340.20</td><td>2546.15</td></tr><tr><td>Against 75% working capital loan</td><td>2094.53</td><td>4251.79</td><td>6346.32</td></tr><tr><td>Total</td><td>3300.48</td><td>5591.99</td><td>8892.47</td></tr></table> <p>As on date GoAP has taken over loans as given below:</p> <table><tr><th></th><th>EPDCL</th><th>SPDCL</th><th>Total</th></tr><tr><td>Against 100% FRP Bonds</td><td>904.46</td><td>1005.23</td><td>1909.69</td></tr><tr><td>Against 75% working capital loan</td><td>2094.53</td><td>4251.79</td><td>6346.32</td></tr><tr><td>Total</td><td>2998.99</td><td>5257.02</td><td>8256.01</td></tr></table> <p>The Hon'ble Commission is requested to treat such amounts /loans pertaining to PP cost as covered in the UDAY scheme, as per the prevailing regulations.</p> | | EPDCL | SPDCL | Total | Against 100% FRP Bonds | 1205.95 | 1340.20 | 2546.15 | Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | Total | 3300.48 | 5591.99 | 8892.47 | | EPDCL | SPDCL | Total | Against 100% FRP Bonds | 904.46 | 1005.23 | 1909.69 | Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | Total | 2998.99 | 5257.02 | 8256.01 |
| | EPDCL | SPDCL | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 100% FRP Bonds | 1205.95 | 1340.20 | 2546.15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 3300.48 | 5591.99 | 8892.47 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | EPDCL | SPDCL | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 100% FRP Bonds | 904.46 | 1005.23 | 1909.69 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 2998.99 | 5257.02 | 8256.01 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10. We request the Hon'ble Commission to direct the Discoms to seek additional subsidy required for purchases made in market far, exceeding the quantum permitted by the Commission and from other sources from GoAP, since they did not seek prior approval of the Commission for purchasing additional quantum, procedure to be adopted for real and transparent competitive bidding and cap on tariff. The powers-that-be should be brought round to scrupulously adhere to regulatory requirements of the Commission for purchasing power and additional power. | The DISCOMs are complying with the directions of the Hon'ble Commission in this regard. Market procurement has been carried out through exchange or swapping arrangement or DEEP E bidding portal. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11. Carrying cost claimed by the Discoms to the tune of Rs.660 crore under true-up is not permissible. We request the Hon'ble Commission to reject the claim for carrying cost. The Discoms have to submit their true-up claims in time and the consumers should not be penalised for delay caused by the Discoms in submitting the same. | For the reasons beyond in the control of the DISCOMs, the True-Up claims have been submitted with a delay and carrying cost also has been claimed. The Hon'ble Commission is requested to condone the delay and approve the True-Up claim including carrying costs. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Para No /Brief Issue | EPDCL Response |
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| 12. We request the Hon'ble Commission to provide us an opportunity to make further submissions in person during the public hearing after receiving responses of the Discoms to our above-mentioned submissions, and studying and analysing the same. | Within the purview of Hon'ble APERC. |

Yours faithfully


Chief General Manager
PPA, RA & QC
APEPDCL::VISAKHAPATNAM

Copy submitted to

The Secretary, APERC, 4TH Floor, 11-4-660, Singareni Bhavan, Red Hills, Hyderabad-500004.

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AP DISCOMS Back Down Fixed Cost for FY 2017-2018

| Year | Source | Plant | Installed Capacity (MW) | Available energy (MU) | Backdown energy (MU) | Energy Purchased (MU) | Total FC (Rs Cr) | FC paid due to Back down (Rs Cr) | Per Unit Cost of Backdown Rs per unit |
|---------|------------------------------------------------------|---------|-------------------------|-----------------------|----------------------|-----------------------|--------------------|----------------------------------|---------------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) = (i)/(h)*10 |
| 2017-18 | AP GENCO -Thermal | | | | | | | | |
| | Dr.NITPS Stage-I | | | | | | | | |
| | Dr.NITPS Stage-II | | 1260.00 | 6605.91 | 447.04 | 6158.87 | 558.62 | 37.80 | 0.85 |
| | Dr.NITPS Stage-III | | | | | | | | |
| | Dr.NITPS Stage-IV | | 500.00 | 2659.72 | 187.71 | 2472.01 | 387.17 | 27.32 | 1.46 |
| | RTTP Stage-I | | 420.00 | 2590.91 | 447.59 | 2143.31 | 242.98 | 41.97 | 0.94 |
| | RTTP Stage-II | Thermal | 420.00 | 2755.84 | 466.70 | 2289.14 | 370.93 | 62.82 | 1.35 |
| | RTTP Stage-III | | 210.00 | 1102.38 | 170.96 | 931.42 | 227.22 | 35.24 | 2.06 |
| | RTTP Stage-IV | | 600.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Thermal Incentive for FY 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 1.17 | 0.00 | |
| | FCA for 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Total AP GENCO -Thermal | Thermal | 3410.00 | 15714.76 | 1720.01 | 13994.75 | 1788.10 | 205.15 | 1.19 |
| | Total TSGENCO -Thermal | Thermal | 2282.50 | 1492.89 | 0.00 | 1492.89 | 199.63 | 0.30 | |
| | APPDCL (Krishnapatnam) -Thermal | | | | | | | | |
| | SDSTPS-I | Thermal | 3500.00 | 5906.49 | 1423.54 | 4482.95 | 1403.90 | 338.36 | |
| 2017-18 | SDSTPS-II | | | | | | | | |
| | Total APPDCL (Krishnapatnam) -Thermal | | 1500.00 | 5906.49 | 1423.54 | 4482.95 | 1403.90 | 338.36 | 2.38 |
| | CGS - Thermal | | | | | | | | |
| 2017-18 | NTPC (SR) Ramagundam St.I&II | | 274.23 | 2109.43 | 354.11 | 1755.32 | 174.11 | 20.83 | 0.59 |
| | NTPC (SR) Simadri Stage 1 | Thermal | 461.10 | 3180.58 | 495.69 | 2684.89 | 442.97 | 69.04 | 1.39 |
| | NTPC (SR) Simadri Stage 2 | | 188.64 | 1435.91 | 421.26 | 1014.66 | 203.06 | 59.57 | 1.41 |
| | NTPC (SR) Talcheru St.II | | 175.32 | 1300.11 | 104.90 | 1195.21 | 81.28 | 6.56 | 0.63 |
| | NTPC (SR) Ramagundam St.III | Thermal | 68.92 | 558.13 | 84.15 | 473.97 | 31.43 | 4.74 | 0.56 |
| | NTECL Valluru Thermal Power | | 87.93 | 568.11 | 87.83 | 480.28 | 111.04 | 17.17 | 1.95 |
| | NLC Stage-I | Lignite | 47.60 | 326.04 | 112.98 | 213.06 | 21.18 | 7.38 | 0.65 |
| | NLC Stage-II | | 86.87 | 639.84 | 216.83 | 423.01 | 35.93 | 12.17 | 0.56 |
| | NPC(MAPS) | | 18.39 | 104.96 | 0.00 | 104.96 | | 0.00 | |
| | NPC (Kaiga Unit-I,II & III) | Atomic | 116.22 | 915.84 | 0.00 | 915.84 | Single Part Tariff | 0.00 | |
| 2017-18 | NPC KUNDANKULAM (Arrear Bill) | | | | | | | 0.00 | |
| | NLC Tamilnadu Power Ltd Stage-1 | | 123.15 | 833.50 | 230.01 | 603.48 | 143.80 | 39.68 | 1.73 |
| | NTPC Kudgel Stage-I (New Thermal Station) | | 143.04 | 654.66 | 380.30 | 274.36 | 71.30 | 41.42 | 1.09 |
| | Aravali Power Company Limited (IGSTPS) (Arrear Bill) | Thermal | | | | | 50.16 | 0.00 | |

| Year | Source | Plant | Installed Capacity (MW) | Available energy (MU) | Backdown energy (MU) | Energy Purchased (MU) | Total FC (Rs Cr) | FC paid due to Back down (Rs Cr) | Per Unit Cost of Backdown Rs per unit |
|---------|----------------------------------------------|---------|-------------------------|-----------------------|----------------------|-----------------------|--------------------|----------------------------------|---------------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) = (i)/(f)*10 |
| | Bundled Power under JNNSM Ph- I & Ph-II | | 539.18 | 2632.42 | 0.03 | 2632.39 | Single Part Tariff | 0.00 | 0.00 |
| | Total CGS - Thermal | | 2330.59 | 15259.53 | 2488.10 | 12771.43 | 1316.26 | 278.56 | 1.12 |
| 2017-18 | IPP - Thermal (Hinduja, SEIL & KSK) | | | | | | | | |
| | Hinduja National Power Corp Ltd(HNPCL) | | 1040.00 | 4182.25 | 898.98 | 3283.78 | 0.00 | 0.00 | 0.00 |
| | Thermal Powertech Corporation India | Thermal | 230.55 | 1876.47 | 126.02 | 1750.45 | 309.84 | 20.81 | 1.65 |
| | KSK Mahanadi Power Co.Ltd., | | 400.00 | 2108.58 | 228.43 | 1880.14 | 260.99 | 28.27 | 1.24 |
| | Total IPP - Thermal (Hinduja, SEIL & KSK) | | 1670.55 | 8167.29 | 1253.43 | 6914.38 | 570.83 | 49.08 | 0.39 |
| | GENCO-Hydel | | | | | | | | |
| | Srisaillam -RBPH | Hydel | 770.00 | 558.92 | 0.00 | 558.92 | 168.89 | 0.00 | |
| | NSRCPH | | 90.00 | 56.54 | 0.00 | 56.54 | 17.74 | 0.00 | |
| | Upper Sileru | | 240.00 | 471.67 | 0.00 | 471.67 | 55.84 | 0.00 | |
| | Lower Sileru | | 460.00 | 1087.39 | 0.00 | 1087.39 | 107.03 | 0.00 | |
| | Donkarayi | | 25.00 | 118.17 | 0.00 | 118.17 | 5.82 | 0.00 | |
| | Pennahobilam | | 20.00 | 3.68 | 0.00 | 3.68 | 10.44 | 0.00 | |
| | Mini Hydel (Chettipeta) | Hydel | 1.00 | 2.25 | 0.00 | 2.25 | 0.77 | 0.00 | |
| | Ramagiri Wind Mills | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | |
| 2017-18 | NSTPDC PH | | 50.00 | 30.07 | 0.00 | 30.07 | 22.11 | 0.00 | |
| | Machkund | | 84.00 | 233.83 | 0.00 | 233.83 | 25.35 | 0.00 | |
| | TB Dam | | 57.60 | 70.84 | 0.00 | 70.84 | 17.38 | 0.00 | |
| | NSTPHES 16-17 & 18-19 | | | 21.64 | 0.00 | 21.64 | 29.96 | 0.00 | |
| | Interest on Pension Bonds | | 0.00 | 0.00 | 0.00 | 0.00 | 684.11 | 0.00 | |
| | Income Tax for FY 16-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 3.06 | 0.00 | |
| | Suppl Calims for IPB 2014-15,2015-16,2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 47.59 | 0.00 | |
| | Total GENCO-Hydel | | 1797.60 | 2655.01 | 0.00 | 2655.01 | 1196.09 | 0.00 | |
| | IPP- GAS (GGPP, GAS IPPS & APGPCL) | | | | | | | | |

| Source | | Plant | Installed Capacity (MW) | Available energy (MU) | Backdown energy (MU) | Energy Purchased (MU) | Total FC (Rs Cr) | FC paid due to Back down (Rs Cr) | Per Unit Cost of Backdown Rs per unit |
|-------------|------------------------------------------------------------|-----------|-------------------------|-----------------------|----------------------|-----------------------|------------------|----------------------------------|---------------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) = (i)/(f)*10 |
| 2017-18 | Godavari Gas Power Plant (Now Own Source previously GVK-I) | Gas | 216.00 | 1057.69 | 26.57 | 1030.25 | 21.23 | 0.53 | 0.20 |
| | Spectrum Power | | 205.00 | 561.05 | 0.65 | 560.40 | 5.00 | 0.01 | 0.15 |
| | LANCO Kondapalli | | 361.92 | 645.08 | 0.04 | 645.05 | 64.30 | 0.004 | 1.00 |
| | SRIVATHSA POWER | | 17.20 | 53.44 | 0.00 | 53.44 | 3.17 | 0.00 | |
| | APGPCI - Stage-I | | 9.33 | 33.69 | 0.00 | 33.69 | 4.11 | 0.00 | |
| | APGPCI - Stage -II | | 24.96 | 113.32 | 0.00 | 113.32 | 7.38 | 0.00 | |
| | Total IPP- GAS (GGPP, GAS IPPS & APGPCI) | | 834.41 | 2464.27 | 27.26 | 2436.14 | 105.19 | 0.55 | 0.20 |
| 2017-18 | NRE - Solar | Solar | 4555.00 | | 0.00 | | 0.00 | 0.00 | |
| | NRE - Wind | Wind | 3931.00 | | 0.00 | | 0.00 | 0.00 | |
| | NRE - Others | bio-mass, | 579.10 | | 0.00 | | 0.00 | 0.00 | |
| | Others (including Swapping) | | | | 0.00 | | 0.00 | 0.00 | |
| | Total Others (including Swapping) | | 9065.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Grand Total | | | 22990.75 | 51660.23 | 6912.34 | 44747.55 | 6580.00 | 871.70 | 1.26 |

CHIEF GENERAL MANAGER
 PPA, RA & QC
 A.P.E.P.D.C. LTD.
 VISAKHAPATNAM-13

**EASTERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED
CORPORATE OFFICE :: VISAKHAPATNAM**

From

The Chief General Manager ,
PPA, RA & QC,
APEPDCL, Corporate Office,
Seethammadhara,
Visakhapatnam - 530013.

To

Sri. M. Venugopala Rao,
Senior Journalist & Conveher,
Centre for Power Studies,
H.No.7-1-408 to 413, F 203,
Sri Sai Darsan Residency,
Balkampet Road, Amberpet,
Hyderabad - 500 016.
Email : vrnummareddi@gmail.com

Lr.No.CGM/PPA, RA&QC/EPDCL/VSP/RAC/F:True-Up/D.No. 191 /19, dated 10-10-2019

Sir,

Sub: APEPDCL - RAC - Replies to the Objections received on True-up petition filed by APDISCOMS on Retails Supply Business for 2017-18 - Regarding.

Ref: Your Objection letter dated. 16-08-2019

We are in receipt of your suggestion/ objections on True-up petition filed by APDISCOMS on Retails Supply Business for 2017-18 and the same is herewith acknowledged with thanks. Para wise replies of APEPDCL are as follows:

| Para No /Brief Issue | EPDCL Response |
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| 1. APSPDCL and APEPDCL, being independent entities should have submitted their true-up applications separately. However, a common application is filed by both the Discoms for the year 2017-18, claiming revenue true-up of Rs.20 crore and expense true-up of Rs. 2576 crore, with a carrying cost of Rs.660 crore at an interest rate of 12% considering FY 2019-20 as the year of approval. While the revenue true-up of Rs.596 crore for EPDCL is shown as surplus, its total true-up claim is shown as Rs.434 crore, including a carrying cost of Rs.88 crore. Whereas, SPDCI has shown a total true-up claim of Rs.2823 crore, including a carrying cost of Rs.573 crore. Whatever be the true-up amounts that the Hon'ble Commission is going to permit, its impact on consumers should be confined to the respective true-up amounts of the Discom concerned. It should not be an average for the entire State. The benefit of | It is to inform that, in view of the uniform nature of Retail Supply Tariffs across the state independent of the service area of the distribution licensees, the DISCOMs are proposing to impose the burden of per unit True-Up, also on uniform basis across the State. Further Power Purchase cost, which constitutes around 80% of the entire expenditure of Distribution business is being incurred centrally to optimize the procurement cost and reduce the transaction costs. Even in the True-Up exercise, Power purchase cost variation is major element and so the DISCOMs have proposed for uniform levy of per unit True-up across the State. |

| Para No / Brief Issue | | EPDCL Response |
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| true down for EPDCL should accrue to its consumers and the same should not be adjusted for true up of SPDCL. | | |
| <p>2. While the Hon'ble Commission approved a total power purchase of 56,584 mu for the year 2017-18, the actual purchases claimed by the Discoms are 55,761 mu only, i.e., there is a lesser purchase of power by 822 mu. Despite that, against total power purchase cost of Rs.23,231 crore approved by the Commission, the Discoms incurred an expenditure of Rs.25,806 crore for power purchase, i.e., higher by Rs.2,576 crore. They have shown additional payment of Rs.1,928 crore towards fixed cost and Rs.553 crore towards variable cost. The Discoms have claimed that supply of power is lesser vis a vis energy despatch approved by the Commission for the year 2017-18 by 2114 mu from APPDCL, by 5475 mu from TS Genco, by 499 mu from AP Genco hydel, by 528 mu from NCE, and by 1290 mu from IPPs and others. Did the Discoms claim and collect liquidated damages from the power stations concerned for lesser supply of power as per the terms and conditions in their respective PPAs, wherever applicable? While there is lesser supply of power to the tune of 712 mu from KSK Mahanadi, under 600 MW DBFOO, there is no supply at all against 1090 mu approved by the Commission. The Discoms have not explained the reasons for shortfall in generation and supply of power.</p> | | <p>Whenever there is a short supply of power from the plants which are governed by PPAs & Two part tariff structure (Capacity Charge & Energy Charge), owing to the issues of Plant availability (either due to outage or due to shortage of supply), capacity charges payable to such generators would be reduced proportionately as per the provisions of the PPA.</p> <p>Main reason for deficiency in supply is less availability declaration by the concerned Generator owing to shortage of Coal and the payment of capacity charges are made accordingly.</p> |
| <p>3. While supply of power from TS Genco is lesser by 5475 mu, additional purchase from AP Genco is 3410 mu only. Obviously, it is much lesser than what AP Genco should have supplied to TS Discoms. On earlier occasions, the Discoms claimed that they were purchasing power additionally from AP Genco, i.e., the share of TS Discoms in the power stations of AP Genco. Even while claiming that they have purchased 3040 mu from the market against 196 mu permitted by the Commission, the Discoms have failed to explain as to why they could not purchase the share of TS Discoms from the stations of AP Genco following "regulation of power from TSGENCO stations to AP Discoms from 11th June 2017 onwards." Following that "regulation," supply of power from stations of AP Genco also, was "regulated" to TS Discoms; and, as such, additional power to the extent it was regulated must have been</p> | | <p>Following the mutual regulation of purchase/supply of power between the entities of AP & TS from 11th June 2017 onwards, APDISCOMs have been procuring entire generation of APGENCO plants. Since percentage share of TS in the PPAs is more than that of AP to the extent of 8%, and installed capacity based on geographical location is more in AP, expected quantum of thermal power from AP Genco plants was more than that of the quantum available in pre-regulation period.</p> <p>As the expected availability from APGenco Stations did not materialize, the DISCOMs fell short of the required energy availability, and in order to ensure reliable & uninterrupted power supply, the DISCOMs have resorted to market purchases. Out of 2820 MU of market</p> |

| Para No /Brief Issue | EPDCL Response |
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| <p>available from AP Genco to be purchased by AP Discoms. At the same time, the Discoms have claimed that they have purchased 1889 mu additionally from gas-based IPPs against 346 mu (from Reliance) approved by the Commission. While Reliance failed to supply the approved quantum of power, the Discoms have purchased 1030 mu from GVK, 560 mu from Spectrum and 645 mu from Lanco, without any approval of the Commission. The Discoms have claimed that they have purchased 2820 mu from the market at a total cost of Rs.742 crore. However, the Discoms have failed to give details pertaining to the kind of procedure they followed for purchasing 2820 mu from the market, from which projects, per unit cost and quantum of power from different sources. It needs to be clarified by the Discoms whether additional purchases on such a higher scale were made by them without seeking prior consent of the Hon'ble Commission, both in terms of quantum and cap for tariffs to be paid, and the procedure to be adopted for such purchases to ensure competitive tariffs. Since the Discoms had not sought and got permission of the Hon'ble Commission for purchasing additional power from the market, maximum cap of tariff and the procedure to be adopted for competitive bidding for such purchases, it reflects "executive arrogance" of the powers-that-be who handled such purchases from Vidyuthoudha. It is a negation of the directions given periodically by the Hon'ble Commission on additional power purchases to be made by the Discoms and reflects recklessness of the powers-that-be that they need not seek prior permission of the Commission for such purchases and their contempt for regulatory requirements and questionable approach that the Commission would or should give its consent to such purchases as and when they seek.</p> | <p>purchases, the DISCOMs have procured 1581 MU from Power Exchange (IEX), which operates on a transparent process of competitive bidding platform. Another 1200 MU of energy has been procured through banking mechanism (SWAP) with power utilities of other states on returnable basis. The weighted average rate of procurement of power from the exchange is lesser than the approved per unit rate by the Hon'ble APERC.</p> |
| <p>4. The Discoms have maintained that they have incurred fixed cost more by Rs.1786 crore against Rs.4026 crore approved by the Commission. While the fixed cost paid to thermal stations of TS Genco was lesser by Rs.668 crore against Rs.845 crore approved by the Commission, the additional fixed cost paid to thermal stations of AP Genco was higher by Rs.822 crore against Rs.965 crore approved by the Commission. In other words, for not purchasing 5475</p> | <p>Thermal Generating stations located in Telangana State are older units when compared to the stations located in Andhra Pradesh. This causes, per unit fixed cost of generating stations in TS at lower side when compared to its counterparts in AP. This is the reason behind payment of higher fixed costs by AP DISCOMs when "Regulation" of power came into force between AP & TS.</p> |


| Para No /Brief Issue | | EPDCL Response |
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| | <p>mu from TS Genco, the Discoms have not paid Rs.668 crore towards fixed cost, whereas for purchasing 3410 mu additionally from AP Genco (including APPDCL); the Discoms have paid Rs.1786 crore additionally. It confirms that compared to the quantum of power not purchased from TS Genco and the quantum of power purchased additionally from AP Genco, on an average the Discoms have paid higher fixed charges per unit to AP Genco. The reasons for the same need to be explained by the Discoms to examine whether such higher payments are justified or not. That apart, fixed cost being fixed in nature, it cannot increase for purchase of the quantum of power approved by the Commission. Therefore, the moot point is whether the Discoms backed down capacities of the stations of AP Genco and paid fixed charges therefor. If so, what were the quantum of power backed down by the Discoms and fixed charges paid therefor to AP Genco and other thermal stations, if any?</p> | <p>During certain instances in the grid operations, Thermal Power Stations are backed down to accommodate Renewable Energy sources which have been conferred "Must Run" status. During the period of backing down, the thermal generating stations have to be compensated for fixed cost payment, if they confirm the availability, as per the provisions of the PPAs.</p> <p>The quantum of backing down & fixed charges paid to AP Genco stations for the above period is as furnished in the enclosed Statement.</p> |
| <p>5. The Discoms have shown that they could not sell a surplus of 1540 mu. At the same time, they have purchased 2625 mu more than what was approved by the Commission from the market. What are the reasons for the same? Did the Discoms back down thermal power in order to purchase high cost and must-run non-conventional energy to the tune of 9788 mu against 10316 mu approved by the Commission, exceeding their obligations under RPPO, and pay fixed charges therefor? If so, what are the costs per unit of NCE purchased and per unit cost of power from the thermal stations backed down, station-wise and unit-wise?</p> | | <p>Prevailing price in the Short-Term market at the time of surplus availability with us is the criteria for selling power outside. If the prevailing price is lesser than the marginal variable cost of the generating station at that instant, its not commercially prudent to opt for sale of power.</p> <p>The DISCOMs have taken every possible step to sell the surplus power available at their disposal. Availability of surplus power on the basis of Time of the Day (Peak Load Hours, Day Time Power, Night Power etc) is important to fetch reasonable revenue. RE power has been purchased in accordance with the provisions of the approved PPAs and regulations governing grid operations. The details of Per Unit Cost of the Thermal Power Backed down is furnished in the above mentioned enclosed Statement.</p> |
| <p>6. The Discoms have claimed that following fixed costs determined by the Commission for SDSTPS stage 1 (2x800 MW) on 2.3.2019, they have to pay Rs.946.66 crore additionally to the project. When the Commission fixed an interim tariff of Rs.3.63 per unit, with a fixed cost of Rs.1.02 per unit, and when actual energy availed from SDSTPS-1 was with a PLF of 56.72% only, and when the Discoms paid Rs.457.26</p> | | <p>It is to inform that short payment of fixed cost would take place, if the generator didn't achieve the target availability factor as specified in the relevant PPA.</p> <p>The matter of not allowing the fixed cost payments on retrospective basis to SDSTPS is</p> |

| Para No /Brief Issue | EPDCL Response | | | | | | | | | | |
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| <p>crore @ Rs.1.02 per unit for the year 2017-18, the fixed costs determined by the Commission for the station on 2.3.2019 cannot, and should not, be applied with retrospective. Therefore, we request the Hon'ble Commission not to approve payment of additional sum of Rs.946.66 the Discoms have claimed to have paid to the said station under true-up. When fixed cost was approved by the Commission for availability at 80% PLF and when the station could achieve 56.72% PLF only, liquidated damages should be collected from STS-2 for generation and supply of power below threshold level.</p> | <p>within the purview of the Hon'ble APERC.</p> | | | | | | | | | | |
| <p>7. The Discoms have claimed that while the Commission approved Rs.3.01 per unit as the average variable cost for the year 2017-18, they have paid @ Rs.3.08 per unit. They have not explained the reasons for paying higher variable costs. The justification or otherwise for paying higher variable costs needs to be examined.</p> | <p>Ownership wise / Source wise variation in respect of the per unit variable cost is given in Table 15 of the petition. The increase in variable cost is due to increase in Basic price, Fuel Cost Adjustment (FCA) levied by the Coal / Gas companies and increased freight charges levied by Railways and other transportation agencies.</p> | | | | | | | | | | |
| <p>8. The Discoms have claimed that other costs paid by them increased to Rs.961 crore from Rs.408 crore approved by the Commission. They have not explained what those other costs are and why a sum of Rs.553 crore was paid by them. The justification and permissibility for paying such a huge amount for unexplained other costs need to be examined.</p> | <p>Other Costs include expenditures incurred on account of Additional Interest on pension bonds, incentives paid if any and actual payment of Income Tax. These are the prudent expenditures made by the DISCOMs and submitted for admission in to the True-Up</p> | | | | | | | | | | |
| <p>9. We request the Hon'ble Commission to determine the amounts taken over or to be taken over by GoAP from the debts of the Discoms for the year 2017-18 under UDAY and deduct the same from their true-up claims. In the subject petition, the Discoms have not given the details of taking over of their debt by GoAP under UDAY.</p> | <p>As per Clause 1.2(a) of the MoU, GoAP agreed to take over 75% of working capital term loan of Rs.8461.75 Crs. and 100% FRP bonds of Rs.2546.15 Crs. of the APDISCOMs outstanding as on 30th September, 2015. Accordingly GoAP issued G.O.Ms.No.27, Energy Infrastructure & Investment (Power-I) Department, dt.26-07-2016.</p> <table border="1" data-bbox="906 1527 1481 1796"> <thead> <tr> <th data-bbox="906 1527 1184 1594"></th><th data-bbox="1184 1527 1481 1594">Outstanding loans as on 30-09-2015</th></tr> </thead> <tbody> <tr> <td data-bbox="906 1594 1184 1639">Capex Loans</td><td data-bbox="1184 1594 1481 1639">3712.49</td></tr> <tr> <td data-bbox="906 1639 1184 1706">Working capital Loans</td><td data-bbox="1184 1639 1481 1706">8461.76</td></tr> <tr> <td data-bbox="906 1706 1184 1751">FRP Bonds Liability</td><td data-bbox="1184 1706 1481 1751">2546.15</td></tr> <tr> <td data-bbox="906 1751 1184 1796">Total</td><td data-bbox="1184 1751 1481 1796">14720.40</td></tr> </tbody> </table> <p>Out of the total outstanding loans of Rs.14720.40 Crs. as on 30-09-2015, GoAP has accorded approval for takeover of 75% of</p> | | Outstanding loans as on 30-09-2015 | Capex Loans | 3712.49 | Working capital Loans | 8461.76 | FRP Bonds Liability | 2546.15 | Total | 14720.40 |
| | Outstanding loans as on 30-09-2015 | | | | | | | | | | |
| Capex Loans | 3712.49 | | | | | | | | | | |
| Working capital Loans | 8461.76 | | | | | | | | | | |
| FRP Bonds Liability | 2546.15 | | | | | | | | | | |
| Total | 14720.40 | | | | | | | | | | |

| Para No /Brief Issue | | EPDCL Response | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | | <p>working loans (Rs.6346.32 Crs.) and 100% of FRP bonds (Rs.2546.15 Crs.).</p> <table><tr><td></td><td>EPDCL</td><td>SPDCL</td><td>Total</td></tr><tr><td>Against 100% FRP Bonds</td><td>1205.95</td><td>1340.20</td><td>2546.15</td></tr><tr><td>Against 75% working capital loan</td><td>2094.53</td><td>4251.79</td><td>6346.32</td></tr><tr><td>Total</td><td>3300.48</td><td>5591.99</td><td>8892.47</td></tr></table> <p>As on 'date GoAP' has taken over loans as given below:</p> <table><tr><td></td><td>EPDCL</td><td>SPDCL</td><td>Total</td></tr><tr><td>Against 100% FRP Bonds</td><td>904.46</td><td>1005.23</td><td>1909.69</td></tr><tr><td>Against 75% working capital loan</td><td>2094.53</td><td>4251.79</td><td>6346.32</td></tr><tr><td>Total</td><td>2998.99</td><td>5257.02</td><td>8256.01</td></tr></table> <p>The Hon'ble Commission is requested to treat such amounts /loans pertaining to PP cost as covered in the UDAY scheme, as per the prevailing regulations.</p> | | EPDCL | SPDCL | Total | Against 100% FRP Bonds | 1205.95 | 1340.20 | 2546.15 | Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | Total | 3300.48 | 5591.99 | 8892.47 | | EPDCL | SPDCL | Total | Against 100% FRP Bonds | 904.46 | 1005.23 | 1909.69 | Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | Total | 2998.99 | 5257.02 | 8256.01 |
| | EPDCL | SPDCL | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 100% FRP Bonds | 1205.95 | 1340.20 | 2546.15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 3300.48 | 5591.99 | 8892.47 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | EPDCL | SPDCL | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 100% FRP Bonds | 904.46 | 1005.23 | 1909.69 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 2998.99 | 5257.02 | 8256.01 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10. We request the Hon'ble Commission to direct the Discoms to seek additional subsidy required for purchases made in market far exceeding the quantum permitted by the Commission and from other sources from GoAP, since they did not seek prior approval of the Commission for purchasing additional quantum, procedure to be adopted for real and transparent competitive bidding and cap on tariff. The powers-that-be should be brought round to scrupulously adhere to regulatory requirements of the Commission for purchasing power and additional power. | | The DISCOMs are complying with the directions of the Hon'ble Commission in this regard. Market procurement has been carried out through exchange or swapping arrangement or DEEP E bidding portal. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11. Carrying cost claimed by the Discoms to the tune of Rs.660 crore under true-up is not permissible. We request the Hon'ble Commission to reject the claim for carrying cost. The Discoms have to submit their true-up claims in time and the consumers should not be penalised for delay caused by the Discoms in submitting the same. | | For the reasons beyond in the control of the DISCOMs, the True-Up claims have been submitted with a delay and carrying cost also has been claimed. The Hon'ble Commission is requested to condone the delay and approve the True-Up claim including carrying costs. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Para No /Brief Issue | EPDCL Response |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| 12. We request the Hon'ble Commission to provide us an opportunity to make further submissions in person during the public hearing after receiving responses of the Discoms to our above-mentioned submissions and studying and analysing the same. | Within the purview of Hon'ble APERC. |

Yours faithfully


Chief General Manager
 PPA, RA & QC
 APEPDCL::VISAKHAPATNAM

Copy submitted to

The Secretary, APERC, 4TH Floor, 11-4-660, Singareni Bhavan, Red Hills, Hyderabad-500004.

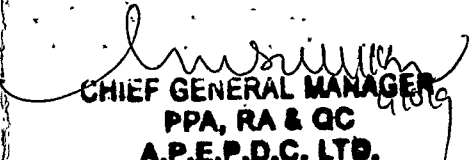
AP DISCOMS Back Down Fixed Cost for FY 2017-2018

| Year | Source | Plant | Installed Capacity (MW) | Available energy (MU) | Backdown energy (MU) | Energy Purchased (MU) | Total FC (Rs Cr) | FC paid due to Back down (Rs Cr) | Per Unit Cost of Backdown Rs per unit |
|---------|------------------------------------------------------|---------|-------------------------|-----------------------|----------------------|-----------------------|--------------------|----------------------------------|---------------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) = (i)/(f)*10 |
| 2017-18 | AP GENCO -Thermal | | | | | | | | |
| | Dr.NTTPS Stage-I | Thermal | 1260.00 | 6605.91 | 447.04 | 6158.87 | 558.62 | 37.80 | 0.85 |
| | Dr.NTTPS Stage-II | | | | | | | | |
| | Dr.NTTPS Stage-III | | | | | | | | |
| | Dr.NTTPS Stage-IV | | | | | | | | |
| | RTPP Stage-I | | 500.00 | 2659.72 | 187.71 | 2472.01 | 387.17 | 27.32 | 1.46 |
| | RTPP Stage-II | | 420.00 | 2590.91 | 447.59 | 2143.31 | 242.98 | 41.97 | 0.94 |
| | RTPP Stage-III | | 420.00 | 2755.84 | 466.70 | 2289.14 | 370.93 | 62.82 | 1.35 |
| | RTPP Stage-IV | | 210.00 | 1102.38 | 170.96 | 931.42 | 227.22 | 35.24 | 2.06 |
| | Thermal Incentive for FY 2016-17 | | 600.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | FCA for 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 1.17 | 0.00 | |
| | FCA for 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Total AP GENCO -Thermal | | 3410.00 | 15714.76 | 1720.01 | 13994.75 | 1788.10 | 205.15 | 1.19 |
| | Total TSGENCO -Thermal | Thermal | 2282.50 | 1492.89 | 0.00 | 1492.89 | 199.63 | 0.00 | |
| 2017-18 | APPDCL (Krishnapatnam) -Thermal | | | | | | | | |
| | SDSTPS-I | Thermal | 1600.00 | 5906.49 | 1423.54 | 4482.95 | 1403.90 | 338.36 | |
| | SDSTPS-II | | | | | | | | |
| | Total APPDCL (Krishnapatnam) -Thermal | | 1600.00 | 5906.49 | 1423.54 | 4482.95 | 1403.90 | 338.36 | 2.38 |
| 2017-18 | CGS - Thermal | | | | | | | | |
| | NTPC (SR) Ramagundam St.I&II | Thermal | 274.23 | 2109.43 | 354.11 | 1755.32 | 124.11 | 20.83 | 0.59 |
| | NTPC (SR) Simadri Stage 1 | | 461.10 | 3180.58 | 495.69 | 2684.89 | 442.97 | 69.04 | 1.39 |
| | NTPC (SR) Simadri Stage 2 | | 188.64 | 1435.91 | 421.26 | 1014.66 | 203.06 | 59.57 | 1.41 |
| 2017-18 | NTPC (SR) Talcheru St.II | Thermal | 175.32 | 1300.11 | 104.90 | 1195.21 | 81.28 | 6.56 | 0.63 |
| | NTPC (SR) Ramagundam St.III | | 68.92 | 558.13 | 84.15 | 473.97 | 31.43 | 4.74 | 0.56 |
| | NTECL Valluru Thermal Power | | 87.93 | 568.11 | 87.83 | 480.28 | 111.04 | 17.17 | 1.95 |
| | NLC -Stage -I | Lignite | 47.60 | 326.04 | 112.98 | 213.06 | 21.18 | 7.38 | 0.65 |
| | NLC -Stage -II | | 86.87 | 639.84 | 216.83 | 423.01 | 35.93 | 12.17 | 0.56 |
| | NPC (MAPS) | Atomic | 18.39 | 104.96 | 0.00 | 104.96 | | 0.00 | |
| | NPC (Kaiga Unit-I,II & III) | | 116.22 | 915.84 | 0.00 | 915.84 | Single Part Tariff | 0.00 | |
| | NPC KUNDANKULAM (arrear Bill) | | | | | | | 0.00 | |
| | NLC Tamilnadu Power Ltd Stage.1 | Thermal | 123.15 | 833.50 | 230.01 | 603.48 | 143.80 | 39.68 | 1.73 |
| | NTPC Kudgi Stage-I (New Thermal Station) | | 143.04 | 654.66 | 380.30 | 274.36 | 71.30 | 41.42 | 1.09 |
| | Aravali Power Company Limited (IGSTPS) (Arrear Bill) | | | | | | 50.16 | 0.00 | |

| Year | Source | Plant | Installed Capacity (MW) | Available energy (MU) | Backdown energy (MU) | Energy Purchased (MU) | Total FC (Rs Cr) | FC paid due to Back down (Rs Cr) | Per Unit Cost of Backdown Rs per unit |
|---------|------------------------------------------------------|---------|-------------------------|-----------------------|----------------------|-----------------------|--------------------|----------------------------------|---------------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) = (i)/(f)*10 |
| | Bundled Power under JNNSM Ph- I & Ph-II | | 539.18 | 2632.42 | 0.03 | 2632.39 | Single Part Tariff | 0.00 | 0.00 |
| | Total CGS - Thermal | | 2330.59 | 15259.53 | 2488.10 | 12771.43 | 1316.26 | 278.56 | 1.12 |
| 2017-18 | IPP - Thermal (Hinduja, SEIL & KSK) | | | | | | | | |
| | Hinduja National Power Corp Ltd(HNPCL) | Thermal | 1040.00 | 4182.25 | 898.98 | 3283.78 | 0.00 | 0.00 | 0.00 |
| | Thermal Powertech Corporation India | | 230.55 | 1876.47 | 126.02 | 1750.45 | 309.84 | 20.81 | 1.65 |
| | KSK Mahanadi Power Co.Ltd., | | 400.00 | 2108.58 | 228.43 | 1880.14 | 260.99 | 28.27 | 1.24 |
| | Total IPP - Thermal (Hinduja, SEIL & KSK) | | 1670.55 | 8167.29 | 1253.43 | 6914.38 | 570.83 | 49.08 | 0.39 |
| | GENCO-Hydel | | | | | | | | |
| | Srisaillam -RBPH | Hydel | 770.00 | 558.92 | 0.00 | 558.92 | 168.89 | 0.00 | |
| | NSRCPH | | 90.00 | 56.54 | 0.00 | 56.54 | 17.74 | 0.00 | |
| | Upper Sileru | Hydel | 240.00 | 471.67 | 0.00 | 471.67 | 55.84 | 0.00 | |
| | Lower Sileru | | 460.00 | 1087.39 | 0.00 | 1087.39 | 107.03 | 0.00 | |
| | Donkarayi | | 25.00 | 118.17 | 0.00 | 118.17 | 5.82 | 0.00 | |
| | Pennaahobilam | | 20.00 | 3.68 | 0.00 | 3.68 | 10.44 | 0.00 | |
| | Mini Hydel (Chettipata) | | 1.00 | 2.25 | 0.00 | 2.25 | 0.77 | 0.00 | |
| | Ramagiri Wind Mills | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | |
| | NSTPDC PH | | 50.00 | 30.07 | 0.00 | 30.07 | 22.11 | 0.00 | |
| | Machkund | | 84.00 | 233.83 | 0.00 | 233.83 | 25.35 | 0.00 | |
| | TB Dam | | 57.60 | 70.84 | 0.00 | 70.84 | 17.38 | 0.00 | |
| | NSTPHES 16-17 & 18-19 | | | 21.64 | 0.00 | 21.64 | 29.96 | 0.00 | |
| 2017-18 | Interest on Pension Bonds | | 0.00 | 0.00 | 0.00 | 0.00 | 684.11 | 0.00 | |
| | Income Tax for FY 16-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 3.06 | 0.00 | |
| | Suppl Calims for IPB 2014-15, 2015-16, 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 47.59 | 0.00 | |
| | Total GENCO-Hydel | | 1797.60 | 2655.01 | 0.00 | 2655.01 | 1196.09 | 0.00 | |
| | IPP- GAS (GGPP, GAS IPPS & APGPCL) | | | | | | | | |

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| Year | Source | Plant | Installed Capacity (MW) | Available energy (MU) | Backdown energy (MU) | Energy Purchased (MU) | Total FC (Rs Cr) | FC.paid.due to Back down (Rs Cr) | Per Unit Cost of Backdown Rs per unit |
|---------|------------------------------------------------------------|----------|-------------------------|-----------------------|----------------------|-----------------------|------------------|----------------------------------|---------------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) = (i)/(f)*10 |
| 2017-18 | Godavari Gas Power Plant (Now Own Source previously GVK-I) | Gas | 216.00 | 1057.69 | 26.57 | 1030.25 | 21.23 | 0.53 | 0.20 |
| | Spectrum Power | | 205.00 | 561.05 | 0.65 | 560.40 | 5.00 | 0.01 | 0.15 |
| | LANCO Kondapalli | | 361.92 | 645.08 | 0.04 | 645.05 | 64.30 | 0.004 | 1.00 |
| | SRIVATHSA POWER | | 17.20 | 53.44 | 0.00 | 53.44 | 3.17 | 0.00 | |
| | APGPCL -Stage-I | | 9.33 | 33.69 | 0.00 | 33.69 | 4.11 | 0.00 | |
| | APGPCL -Stage -II | | 24.96 | 113.32 | 0.00 | 113.32 | 7.38 | 0.00 | |
| | Total IPP- GAS (GGPP, GAS IPPS & APGPCL) | | 834.41 | 2464.27 | 27.26 | 2436.14 | 105.19 | 0.55 | 0.20 |
| 2017-18 | NRE - Solar | Solar | 4555.00 | | 0.00 | | 0.00 | 0.00 | |
| | NRE - Wind | Wind | 3931.00 | | 0.00 | | 0.00 | 0.00 | |
| | NRE - Others | bio-mass | 579.10 | | 0.00 | | 0.00 | 0.00 | |
| | Others (Including Swapping) | | | | 0.00 | | 0.00 | 0.00 | |
| | Total Others (Including Swapping) | | 9065.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Grand Total | | 22990.75 | 51660.23 | 6912.34 | 44747.55 | 6530.00 | 871.70 | 1.26 |


CHIEF GENERAL MANAGER
PPA, RA & QC
A.P.E.P.D.C. LTD.
VISAKHAPATNAM-13

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EASTERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED
CORPORATE OFFICE :: VISAKHAPATNAM

From

The Chief General Manager,
 PPA, RA & QC,
 APEPDCL, Corporate Office,
 Seethammadhara,
 Visakhapatnam – 530013.

To

Sri. Ch.Narasimgaro,
 State Secretariat Member,
 Communist Party of India (Marxist),
 N.P.R Bhawan, H.No. 28-6-8,
 Yallammathota, Jagadamba Jn.,
 Email: chnrao33@gmail.com

Lr.No.CGM/PPA, RA&QC/EPDCL/VSP/RAC/F:True-Up/D.No. 192 /19, dt. 04-10-2019

Sir,

Sub: APEPDCL – RAC – Replies to the Objections received on True-up petition filed by APDISCOMS on Retails Supply Business for 2017-18 - Regarding.

Ref: Your Objection letter dated. 17-08-2019

We are in receipt of your suggestion/ objections on True-up petition filed by APDISCOMS on Retails Supply Business for 2017-18 and the same is herewith acknowledged with thanks. Para wise replies of APEPDCL are as follows:

| Para No /Brief Issue | EPDCL Response |
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| 1. APSPDCL and APEPDCL, being independent entities should have submitted their true-up applications separately. However, a common application is filed by both the Discoms for the year 2017-18, claiming revenue true-up of Rs.20 crore and expense true-up of Rs. 2576 crore, with a carrying cost of Rs.660 crore at an interest rate of 12% considering FY 2019-20 as the year of approval. While the revenue true-up of Rs.596 crore for EPDCL is shown as surplus, its total true-up claim is shown as Rs.434 crore, including a carrying cost of Rs.88 crore. Whereas, SPDCL has shown a total true-up claim of Rs.2823 crore, including a carrying cost of Rs.573 crore. Whatever be the true-up amounts that the Hon'ble Commission is going to permit, its impact on consumers should be confined to the respective true-up amounts of the Discom concerned. It should not be an average for the entire State. The benefit of true down for EPDCL should accrue to its consumers and the same should not be adjusted for true up of SPDCL. | It is to inform that, in view of the uniform nature of Retail Supply Tariffs across the state independent of the service area of the distribution licensees, the DISCOMs are proposing to impose the burden of per unit True-Up also on uniform basis across the State. Further Power Purchase cost which constitutes around 50% of the entire expenditure of Distribution business is being incurred centrally to optimize the procurement cost and reduce the transaction costs. Even in the True-Up exercise, Power purchase cost variation is major element and so the DISCOMs have proposed for uniform levy of per unit True-up across the State. |

| Para No /Brief Issue | EPDCL Response |
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| <p>2. While the Hon'ble Commission approved a total power purchase of 56,584 mu for the year 2017-18, the actual purchases claimed by the Discoms are 55,761 mu only, i.e., there is a lesser purchase of power by 822 mu. Despite that, against total power purchase cost of Rs.23,231 crore approved by the Commission, the Discoms incurred an expenditure of Rs.25,806 crore for power purchase, i.e., higher by Rs.2,576 crore. They have shown additional payment of Rs.1,928 crore towards fixed cost and Rs.553 crore towards variable cost. The Discoms have claimed that supply of power is lesser vis a vis energy despatch approved by the Commission for the year 2017-18 by 2114 mu from APPDCL, by 5475 mu from TS Genco, by 499 mu from AP Genco hydel, by 528 mu from NCE, and by 1290 mu from IPPs and others. Did the Discoms claim and collect liquidated damages from the power stations concerned for lesser supply of power as per the terms and conditions in their respective PPAs, wherever applicable? While there is lesser supply of power to the tune of 712 mu from KSK Mahanadi, under 600 MW DBFOO, there is no supply at all against 1090 mu approved by the Commission. The Discoms have not explained the reasons for shortfall in generation and supply of power.</p> | <p>Whenever there is a short supply of power from the plants which are governed by PPAs & Two part tariff structure (Capacity Charge & Energy Charge), owing to the issues of Plant availability (either due to outage or due to shortage of supply) capacity charges payable to such generators would be reduced proportionately as per the provisions of the PPA.</p> <p>Main reason for deficiency in supply is less availability declaration by the concerned Generator owing to shortage of Coal and the payment of capacity charges are made accordingly.</p> |
| <p>3. While supply of power from TS Genco is lesser by 5475 mu, additional purchase from AP Genco is 3410 mu only. Obviously, it is much lesser than what AP Genco should have supplied to TS Discoms. On earlier occasions, the Discoms claimed that they were purchasing power additionally from AP Genco, i.e., the share of TS Discoms in the power stations of AP Genco. Even while claiming that they have purchased 3040 mu from the market against 196 mu permitted by the Commission, the Discoms have failed to explain as to why they could not purchase the share of TS Discoms from the stations of AP Genco following "regulation of power from TSGENCO stations to AP Discoms from 11th June 2017 onwards." Following that "regulation," supply of power from stations of AP Genco also was "regulated" to TS Discoms, and, as such, additional power to the extent it was regulated must have been available from AP Genco to be purchased by AP Discoms. At the same time, the Discoms have claimed that they have purchased 1889 mu</p> | <p>Following the mutual regulation of purchase/ supply of power between the entities of AP & TS from 11th June 2017 onwards, APDISCOMs have been procuring entire generation of APGENCO plants. Since percentage share of TS in the PPAs is more than that of AP to the extent of 8%, and installed capacity based on geographical location is more in AP, expected quantum of thermal power from AP Genco plants was more than that of the quantum available in pre-regulation period.</p> <p>As the expected availability from AP Genco Stations did not materialize, the DISCOMs fell short of the required energy availability, and in order to ensure reliable & uninterrupted power supply, the DISCOMs have resorted to market purchases. Out of 2820 MU of market purchases, the DISCOMs have procured 1581</p> |

| Para No /Brief Issue | EPDCL Response |
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| <p>additionally from gas-based IPPs against 346 mu (from Reliance) approved by the Commission. While Reliance failed to supply the approved quantum of power, the Discoms have purchased 1030 mu from GVK, 560 mu from Spectrum and 645 mu from Lanco, without any approval of the Commission. The Discoms have claimed that they have purchased 2820 mu from the market at a total cost of Rs.742 crore. However, the Discoms have failed to give details pertaining to the kind of procedure they followed for purchasing 2820 mu from the market; from which projects, per unit cost and quantum of power from different sources. It needs to be clarified by the Discoms whether additional purchases on such a higher scale were made by them without seeking prior consent of the Hon'ble Commission, both in terms of quantum and cap for tariffs to be paid, and the procedure to be adopted for such purchases to ensure competitive tariffs. Since the Discoms had not sought and got permission of the Hon'ble Commission for purchasing additional power from the market, maximum cap of tariff and the procedure to be adopted for competitive bidding for such purchases, it reflects "executive arrogance" of the powers-that-be who handled such purchases from VidyuthSoudha. It is a negation of the directions given periodically by the Hon'ble Commission on additional power purchases to be made by the Discoms and reflects recklessness of the powers-that-be that they need not seek prior permission of the Commission for such purchases and their contempt for regulatory requirements and questionable approach that the Commission would or should give its consent to such purchases as and when they seek.</p> | <p>MU from Power Exchange (IEX), which operates on a transparent process of competitive bidding platform. Another 1200 MU of energy has been procured through banking mechanism (SWAP) with power utilities of other states on returnable basis. The weighted average rate of procurement of power from the exchange is lesser than the approved per unit rate by the Hon'ble APERC.</p> |
| <p>4. The Discoms have maintained that they have incurred fixed cost more by Rs.1786 crore against Rs.4026 crore approved by the Commission. While the fixed cost paid to thermal stations of TS Genco was lesser by Rs.668 crore against Rs.845 crore approved by the Commission, the additional fixed cost paid to thermal stations of AP Genco was higher by Rs.822 crore against Rs.965 crore approved by the Commission. In other words, for not purchasing 5475 mu from TS Genco, the Discoms have not paid Rs.668 crore towards fixed cost, whereas for purchasing 3410 mu additionally from AP Genco (including</p> | <p>Thermal Generating stations located in Telangana State are older units when compared to the stations located in Andhra Pradesh. This causes per unit fixed cost of generating stations in TS at lower side when compared to its counterparts in AP. This is the reason behind payment of higher fixed costs by AP DISCOMs when "Regulation" of power came into force between AP & TS.</p> <p>During certain instances in the grid operations, Thermal Power Stations are</p> |

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| Para No /Brief Issue | EPDCL Response |
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| <p>APPDCL), the Discoms have paid Rs.1786 crore additionally. It confirms that compared to the quantum of power not purchased from TS Genco and the quantum of power purchased additionally from AP Genco, on an average the Discoms have paid higher fixed charges per unit to AP Genco. The reasons for the same need to be explained by the Discoms to examine whether such higher payments are justified or not. That apart, fixed cost being fixed in nature, it cannot increase for purchase of the quantum of power approved by the Commission. Therefore, the moot point is whether the Discoms backed down capacities of the stations of AP Genco and paid fixed charges therefor. If so, what were the quantum of power backed down by the Discoms and fixed charges paid therefor to AP Genco and other thermal stations, if any?</p> | <p>backed down to accommodate Renewable Energy sources which have been conferred "Must Run" status. During the period of backing down, the thermal generating stations have to be compensated for fixed cost payment, if they confirm the availability, as per the provisions of the PPAs.</p> <p>The quantum of backing down & fixed charges paid to AP Genco stations for the above period is as furnished in the enclosed Statement.</p> |
| <p>5. The Discoms have shown that they could not sell a surplus of 1540 mu. At the same time, they have purchased 2625 mu more than what was approved by the Commission from the market. What are the reasons for the same? Did the Discoms back down thermal power in order to purchase high cost and must-run non-conventional energy to the tune of 9788 mu against 10316 mu approved by the Commission, exceeding their obligations under RPPO, and pay fixed charges therefor? If so, what are the costs per unit of NCE purchased and per unit cost of power from the thermal stations backed down, station-wise and unit-wise?</p> | <p>Prevailing price in the Short-Term market at the time of surplus availability with us is the criteria for selling power outside. If the prevailing price is lesser than the marginal variable cost of the generating station at that instant, its not commercially prudent to opt for sale of power.</p> <p>The DISCOMs have taken every possible step to sell the surplus power available at their disposal. Availability of surplus power on the basis of Time of the Day (Peak Load Hours, Day Time Power, Night Power etc) is important to fetch reasonable revenue. RE power has been purchased in accordance with the provisions of the approved PPAs and regulations governing grid operations. The details of Per Unit Cost of the Thermal Power Backed down is furnished in the above mentioned enclosed Statement.</p> |
| <p>6. The Discoms have claimed that following fixed costs determined by the Commission for SDSTPS stage I (2x800 MW) on 2.3.2019, they have to pay Rs.946.66 crore additionally to the project. When the Commission fixed an interim tariff of Rs.3.63 per unit, with a fixed cost of Rs.1.02 per unit, and when actual energy availed from SDSTPS-1 was with a PLF of 56.72% only, and when the Discoms paid Rs.457.26 crore @ Rs.1.02 per unit for the year 2017-18, the</p> | <p>It is to inform that short payment of fixed cost would take place, if the generator didn't achieve the target availability factor as specified in the relevant PPA.</p> <p>The matter of not allowing the fixed cost payments on retrospective basis to SDSTPS is within the purview of the Hon'ble APERC.</p> |

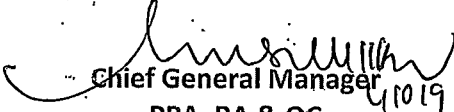
| Para No /Brief Issue | EPDCL Response | | | | | | | | | | |
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| fixed costs determined by the Commission for the station on 2.3.2019 cannot, and should not, be applied with retrospective. Therefore, we request the Hon'ble Commission not to approve payment of additional sum of Rs.946.66 the Discoms have claimed to have paid to the said station under true-up. When fixed cost was approved by the Commission for availability at 80% PLF and when the station could achieve 56.72% PLF only, liquidated damages should be collected from SDSTPS-1 for generation and supply of power below threshold level. | | | | | | | | | | | |
| 7. The Discoms have claimed that while the Commission approved Rs.3.01 per unit as the average variable cost for the year 2017-18, they have paid @ Rs.3.08 per unit. They have not explained the reasons for paying higher variable costs. The justification or otherwise for paying higher variable costs needs to be examined. | Ownership wise / Source wise variation in respect of the per unit variable cost is given in Table 15 of the petition. The increase in variable cost is due to increase in Basic price, Fuel Cost Adjustment (FCA) levied by the Coal / Gas companies and increased freight charges leveled by Railways and other transportation agencies. | | | | | | | | | | |
| 8. The Discoms have claimed that other costs paid by them increased to Rs.961 crore from Rs.408 crore approved by the Commission. They have not explained what those other costs are and why a sum of Rs.553 crore was paid by them. The justification and permissibility for paying such a huge amount for unexplained other costs need to be examined. | Other Costs include expenditures incurred on account of Additional interest on pension bonds, incentives paid if any and actual payment of Income Tax. These are the prudent expenditures made by the DISCOMs and submitted for admission in to the True-Up | | | | | | | | | | |
| 9. We request the Hon'ble Commission to determine the amounts taken over or to be taken over by GoAP from the debts of the Discoms for the year 2017-18 under UDAY and deduct the same from their true-up claims. In the subject petition, the Discoms have not given the details of taking over of their debt by GoAP under UDAY. | <p>As per Clause 1.2(a) of the MoU, GoAP agreed to take over 75% of working capital term loan of Rs.8461.75 Crs. and 100% FRP bonds of Rs.2546.15 Crs. of the APDISCOMs outstanding as on 30th September, 2015. Accordingly GoAP issued G.O.Ms.No.27, Energy Infrastructure & Investment (Power-I) Department, dt.26-07-2016.</p> <table border="1" data-bbox="879 1496 1453 1771"> <thead> <tr> <th></th><th>Outstanding loans as on 30-09-2015</th></tr> </thead> <tbody> <tr> <td>Capex Loans</td><td>3712.49</td></tr> <tr> <td>Working capital Loans</td><td>8461.76</td></tr> <tr> <td>FRP Bonds Liability</td><td>2546.15</td></tr> <tr> <td>Total</td><td>14720.40</td></tr> </tbody> </table> <p>Out of the total outstanding loans of Rs.14720.40 Crs. as on 30-09-2015, GoAP has accorded approval for takeover of 75% of working loans (Rs.6346.32 Crs.) and 100% of</p> | | Outstanding loans as on 30-09-2015 | Capex Loans | 3712.49 | Working capital Loans | 8461.76 | FRP Bonds Liability | 2546.15 | Total | 14720.40 |
| | Outstanding loans as on 30-09-2015 | | | | | | | | | | |
| Capex Loans | 3712.49 | | | | | | | | | | |
| Working capital Loans | 8461.76 | | | | | | | | | | |
| FRP Bonds Liability | 2546.15 | | | | | | | | | | |
| Total | 14720.40 | | | | | | | | | | |

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| Para.No /Brief Issue | EPDCL Response | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | <p>FRP bonds (Rs.2546.15 Crs.).</p> <table><tr><th></th><th>EPDCL</th><th>SPDCL</th><th>Total</th></tr><tr><td>Against 100% FRP Bonds</td><td>1205.95</td><td>1340.20</td><td>2546.15</td></tr><tr><td>Against 75% working capital loan</td><td>2094.53</td><td>4251.79</td><td>6346.32</td></tr><tr><td>Total</td><td>3300.48</td><td>5591.99</td><td>8892.47</td></tr></table> <p>As on date GoAP has taken over loans as given below:</p> <table><tr><th></th><th>EPDCL</th><th>SPDCL</th><th>Total</th></tr><tr><td>Against 100% FRP Bonds</td><td>904.46</td><td>1005.23</td><td>1909.69</td></tr><tr><td>Against 75% working capital loan</td><td>2094.53</td><td>4251.79</td><td>6346.32</td></tr><tr><td>Total</td><td>2998.99</td><td>5257.02</td><td>8256.01</td></tr></table> <p>The Hon'ble Commission is requested to treat such amounts /loans pertaining to PP cost as covered in the UDAY scheme, as per the prevailing regulations.</p> | | EPDCL | SPDCL | Total | Against 100% FRP Bonds | 1205.95 | 1340.20 | 2546.15 | Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | Total | 3300.48 | 5591.99 | 8892.47 | | EPDCL | SPDCL | Total | Against 100% FRP Bonds | 904.46 | 1005.23 | 1909.69 | Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | Total | 2998.99 | 5257.02 | 8256.01 |
| | EPDCL | SPDCL | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 100% FRP Bonds | 1205.95 | 1340.20 | 2546.15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 3300.48 | 5591.99 | 8892.47 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | EPDCL | SPDCL | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 100% FRP Bonds | 904.46 | 1005.23 | 1909.69 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 2998.99 | 5257.02 | 8256.01 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10. We request the Hon'ble Commission to direct the Discoms to seek additional subsidy required for purchases made in market far exceeding the quantum permitted by the Commission and from other sources from GoAP, since they did not seek prior approval of the Commission for purchasing additional quantum, procedure to be adopted for real and transparent competitive bidding and cap on tariff. The powers that be should be brought round to scrupulously adhere to regulatory requirements of the Commission for purchasing power and additional power. | The DISCOMs are complying with the directions of the Hon'ble Commission in this regard. Market procurement has been carried out through exchange or swapping arrangement or DEEP E bidding portal. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11. Carrying cost claimed by the Discoms to the tune of Rs.660 crore under true-up is not permissible. We request the Hon'ble Commission to reject the claim for carrying cost. The Discoms have to submit their true-up claims in time and the consumers should not be penalised for delay caused by the Discoms in submitting the same. | For the reasons beyond in the control of the DISCOMs, the True-Up claims have been submitted with a delay and carrying cost also has been claimed. The Hon'ble Commission is requested to condone the delay and approve the True-Up claim including carrying costs. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Para No /Brief Issue | EPDCL Response |
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| 12. We request the Hon'ble Commission to provide us an opportunity to make further submissions in person during the public hearing after receiving responses of the Discoms to our above-mentioned submissions and studying and analysing the same. | Within the purview of Hon'ble APERC. |

Yours faithfully


 Chief General Manager
 PPA, RA & QC
 APEPDCL::VISAKHAPATNAM

Copy submitted to

The Secretary, APERC, 4TH Floor, 11-4-660, Singareni Bhavan, Red Hills, Hyderabad-500004.

AP DISCOMS Back Down Fixed Cost for FY 2017-2018

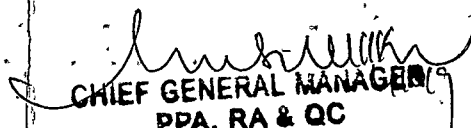
| Year | Source | Plant | Installed Capacity (MW) | Available energy (MU) | Backdown energy (MU) | Energy Purchased (MU) | Total FC (Rs Cr) | FC paid due to Back down (Rs Cr) | Per Unit Cost of Backdown Rs per unit |
|---------|------------------------------------------------------|---------|-------------------------|-----------------------|----------------------|-----------------------|--------------------|----------------------------------|---------------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) = (i)/(f)*10 |
| 2017-18 | AP GENCO -Thermal | | | | | | | | |
| | Dr.NTTPS Stage-I | Thermal | 1260.00 | 6605.91 | 447.04 | 6158.87 | 558.62 | 37.80 | 0.85 |
| | Dr.NTTPS Stage-II | | | | | | | | |
| | Dr.NTTPS Stage-III | | | | | | | | |
| | Dr.NTTPS Stage -IV | | 500.00 | 2659.72 | 187.71 | 2472.01 | 387.17 | 27.32 | 1.46 |
| | RTPP Stage-I | | 420.00 | 2590.91 | 447.59 | 2143.31 | 242.98 | 41.97 | 0.94 |
| | RTPP Stage-II | | 420.00 | 2755.84 | 466.70 | 2289.14 | 370.93 | 62.82 | 1.35 |
| | RTPP Stage-III | | 210.00 | 1102.38 | 170.96 | 931.42 | 227.22 | 35.24 | 2.06 |
| | RTPP Stage-IV | | 600.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Thermal Incentive for FY 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 1.17 | 0.00 | |
| | FCA for 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Total AP GENCO -Thermal | | 3410.00 | 15714.76 | 1720.01 | 13994.75 | 1788.10 | 205.15 | 1.49 |
| | Total TSGENCO -Thermal | Thermal | 2282.50 | 1492.89 | 0.00 | 1492.89 | 199.63 | 0.00 | |
| 2017-18 | APPDCL (Krishnapatnam) -Thermal | | | | | | | | |
| | SDSTPS-I | Thermal | 1600.00 | 5906.49 | 1423.54 | 4482.95 | 1403.90 | 338.36 | |
| | SDSTPS-II | | | | | | | | |
| | Total APPDCL (Krishnapatnam) -Thermal | | 1600.00 | 5906.49 | 1423.54 | 4482.95 | 1403.90 | 338.36 | 2.38 |
| 2017-18 | CGS - Thermal | | | | | | | | |
| | NTPC (SR) Ramagundam St.I&II | Thermal | 274.24 | 2109.43 | 354.11 | 1755.32 | 124.11 | 20.83 | 0.59 |
| | NTPC (SR) Simadri Stage 1 | | 461.10 | 3180.58 | 495.69 | 2684.89 | 442.97 | 69.04 | 1.39 |
| | NTPC (SR) Simadri Stage 2 | | 188.64 | 1435.91 | 421.26 | 1014.66 | 203.06 | 59.57 | 1.41 |
| 2017-18 | NTPC (SR) Talcheru St.II | Thermal | 175.32 | 1300.11 | 104.90 | 1195.21 | 81.28 | 6.56 | 0.63 |
| | NTPC (SR) Ramagundam St.III | | 68.92 | 558.13 | 84.15 | 473.97 | 31.43 | 4.74 | 0.56 |
| | NTECL Valluru Thermal Power | | 87.93 | 568.11 | 87.83 | 480.28 | 111.04 | 17.17 | 1.95 |
| | NLC -Stage - I | Lignite | 47.60 | 326.04 | 112.98 | 213.06 | 21.18 | 7.38 | 0.65 |
| | NLC -Stage - II | | 86.87 | 639.84 | 216.83 | 423.01 | 35.93 | 12.17 | 0.56 |
| | NPC (MAPS) | Atomic | 18.39 | 104.96 | 0.00 | 104.96 | | 0.00 | |
| | NPC (Kaiga Unit-I,II & III) | | 116.22 | 915.84 | 0.00 | 915.84 | Single Part Tariff | 0.00 | |
| | NPC KUNDANKULAM (arrear Bill) | | | | | | | 0.00 | |
| | NLC Tamilnadu Power Ltd Stage.1 | Thermal | 123.15 | 833.50 | 230.01 | 603.48 | 143.80 | 39.68 | 1.73 |
| | NTPC Kudgi Stage-I (New Thermal Station) | | 143.04 | 654.66 | 380.30 | 274.36 | 71.30 | 41.42 | 1.09 |
| | Aravali Power Company Limited (IGSTPS) (Arrear Bill) | | | | | | 50.16 | 0.00 | |

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| Year | Source | Plant | Installed Capacity (MW) | Available energy (MU) | Backdown energy (MU) | Energy Purchased (MU) | Total FC (Rs Cr) | FC paid due to Back down (Rs Cr) | Per Unit Cost of Backdown Rs per unit |
|---------|----------------------------------------------|---------|-------------------------|-----------------------|----------------------|-----------------------|--------------------|----------------------------------|---------------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (i) = (i)/(f)*10 |
| | Bundled Power under JNNSM Ph-I & Ph-II | | 539.18 | 2632.42 | 0.03 | 2632.39 | Single Part Tariff | 0.00 | 0.00 |
| | Total CGS - Thermal | | 2330.59 | 15259.53 | 2488.10 | 12771.43 | 1316.26 | 278.56 | 1.12 |
| 2017-18 | IPP - Thermal (Hinduja, SEIL & KSK) | | | | | | | | |
| | Hinduja National Power Corp Ltd(HNPCL) | Thermal | 1040.00 | 4182.25 | 898.98 | 3283.78 | 0.00 | 0.00 | 0.00 |
| | Thermal Powertech Corporation India | | 230.55 | 1876.47 | 126.02 | 1750.45 | 309.84 | 20.81 | 1.65 |
| | KSK Mahanadi Power Co.Ltd | | 400.00 | 2108.58 | 228.43 | 1880.14 | 260.99 | 28.27 | 1.24 |
| | Total IPP - Thermal (Hinduja, SEIL & KSK) | | 1670.55 | 8167.29 | 1253.43 | 6914.38 | 570.83 | 49.08 | 0.39 |
| | GENCO-Hydel | | | | | | | | |
| | Srisaillam -RBPH | Hydel | 770.00 | 558.92 | 0.00 | 558.92 | 168.89 | 0.00 | |
| | NSRCPH | | 90.00 | 56.54 | 0.00 | 56.54 | 17.74 | 0.00 | |
| | Upper Sileru | | 240.00 | 471.67 | 0.00 | 471.67 | 55.84 | 0.00 | |
| | Lower Sileru | Hydel | 460.00 | 1087.39 | 0.00 | 1087.39 | 107.03 | 0.00 | |
| | Donkarayi | | 25.00 | 118.17 | 0.00 | 118.17 | 5.82 | 0.00 | |
| | Pennaahobilam | | 20.00 | 3.68 | 0.00 | 3.68 | 10.44 | 0.00 | |
| 2017-18 | Mini Hydel (Chettipeta)- | Hydel | 1.00 | 2.25 | 0.00 | 2.25 | 0.77 | 0.00 | |
| | Ramagiri Wind Mills | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | |
| | NSTPDC PH | | 50.00 | 30.07 | 0.00 | 30.07 | 22.11 | 0.00 | |
| | Machkund | Hydel | 84.00 | 233.83 | 0.00 | 233.83 | 25.35 | 0.00 | |
| | TB Dam | | 57.60 | 70.84 | 0.00 | 70.84 | 17.38 | 0.00 | |
| | NSTPHES 16-17 & 18-19 | | | 21.64 | 0.00 | 21.64 | 29.96 | 0.00 | |
| | Interest on Pension Bonds | | 0.00 | 0.00 | 0.00 | 0.00 | 684.11 | 0.00 | |
| | Income Tax for FY 16-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 3.06 | 0.00 | |
| | Suppl-Calims for IPB 2014-15,2015-16,2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 47.59 | 0.00 | |
| | Total GENCO-Hydel | | 1797.60 | 2655.01 | 0.00 | 2655.01 | 1196.09 | 0.00 | |
| | IPP- GAS (GGPP, GAS IPPS & APGPCL) | | | | | | | | |

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| Yr | Source | Plant | Installed Capacity (MW) | Available energy (MU) | Backdown energy (MU) | Energy Purchased (MU) | Total FC (Rs Cr) | FC paid due to Back down (Rs Cr) | Per Unit Cost of Backdown Rs per unit |
|---------|------------------------------------------------------------|-----------|-------------------------|-----------------------|----------------------|-----------------------|------------------|----------------------------------|---------------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) = (i)/(f)*10 |
| 2017-18 | Godavari Gas Power Plant (Now Own Source previously GVK-I) | Gas | 216.00 | 1057.69 | 26.57 | 1030.25 | 21.23 | 0.53 | 0.20 |
| | Spectrum Power | | 205.00 | 561.05 | 0.65 | 560.40 | 5.00 | 0.01 | 0.15 |
| | LANCO Kondapalli | | 361.92 | 645.08 | 0.04 | 645.05 | 64.30 | 0.004 | 1.00 |
| | SRIVATHSA POWER | | 17.20 | 53.44 | 0.00 | 53.44 | 3.17 | 0.00 | |
| | APGPCL -Stage-I | | 9.33 | 33.69 | 0.00 | 33.69 | 4.11 | 0.00 | |
| | APGPCL -Stage -II | | 24.96 | 113.32 | 0.00 | 113.32 | 7.38 | 0.00 | |
| | Total IPP- GAS (GGPP, GAS IPPS & APGPCL) | | 834.41 | 2464.27 | 27.26 | 2436.14 | 105.19 | 0.55 | 0.20 |
| 2017-18 | NRE - Solar | Solar | 4555.00 | | 0.00 | | 0.00 | 0.00 | |
| | NRE - Wind | Wind | 3931.00 | | 0.00 | | 0.00 | 0.00 | |
| | NRE - Others | bio-mass, | 579.10 | | 0.00 | | 0.00 | 0.00 | |
| | Others (Including Swapping) | | | | 0.00 | | 0.00 | 0.00 | |
| | Total Others (Including Swapping) | | 9065.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Grand Total | | 22990.75 | 51660.23 | 6912.34 | 44747.55 | 6580.00 | 871.70 | 1.26 |


 CHIEF GENERAL MANAGER
 PPA, RA & QC
 A.P.E.P.D.C. LTD.
 VISAKHAPATNAM-13

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EASTERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED
CORPORATE OFFICE :: VISAKHAPATNAM

From

The Chief General Manager,
 PPA, RA & QC,
 APEPDCL, Corporate Office,
 Seethammadhara,
 Visakhapatnam – 530013.

To

Sri. A. Punnarao
 D.No.59-2-1, 1st Lane,
 Ashoknagar,
 Vijayawada – 520 010

Lr.No.CGM/PPA, RA&QC/EPDCL/VSP/RAC/F:True-Up/D.No. 193 /19, dt. 09-10-2019

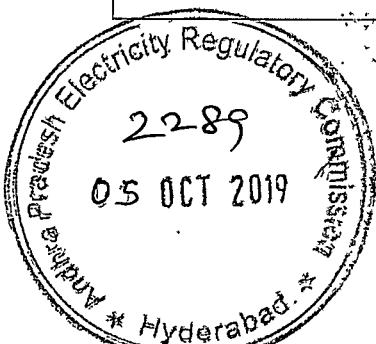
Sir,

Sub: APEPDCL – RAC – Replies to the Objections received on True-up petition filed by APDISCOMS on Retails Supply Business for 2017-18 - Regarding.

Ref: Your Objection letter dated. 17-08-2019

We are in receipt of your suggestion/ objections on True-up petition filed by APDISCOMS on Retails Supply Business for 2017-18 and the same is herewith acknowledged with thanks. Para wise replies of APEPDCL are as follows:

| Para No /Brief Issue | EPDCL Response |
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| 1. APSPDCL and APEPDCL, being independent entities should have submitted their true-up applications separately. However, a common application is filed by both the Discoms for the year 2017-18, claiming revenue true-up of Rs.20 crore and expense true-up of Rs. 2576 crore, with a carrying cost of Rs.660 crore at an interest rate of 12% considering FY 2019-20 as the year of approval. While the revenue true-up of Rs.596 crore for EPDCL is shown as surplus, its total true-up claim is shown as Rs.434 crore, including a carrying cost of Rs.88 crore. Whereas, SPDCL has shown a total true-up claim of Rs.2823 crore, including a carrying cost of Rs.573 crore. Whatever be the true-up amounts that the Hon'ble Commission is going to permit, its impact on consumers should be confined to the respective true-up amounts of the Discom concerned. It should not be an average for the entire State. The benefit of true down for EPDCL should accrue to its consumers and the same should not be adjusted for true up of SPDCL. | It is to inform that, in view of the uniform nature of Retail Supply Tariffs across the state independent of the service area of the distribution licensees, the DISCOMs are proposing to impose the burden of per unit True-Up also on uniform basis across the State. Further Power Purchase cost which constitutes around 80% of the entire expenditure of Distribution business is being incurred centrally to optimize the procurement cost and reduce the transaction costs. Even in the True-Up exercise, Power purchase cost variation is major element and so the DISCOMs have proposed for uniform levy of per unit True-up across the State. |



| Para No /Brief Issue | EPDCL Response |
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| <p>2. While the Hon'ble Commission approved a total power purchase of 56,584 mu for the year 2017-18, the actual purchases claimed by the Discoms are 55,761 mu only, i.e., there is a lesser purchase of power by 822 mu. Despite that, against total power purchase cost of Rs.23,231 crore approved by the Commission, the Discoms incurred an expenditure of Rs.25,806 crore for power purchase, i.e., higher by Rs.2,576 crore. They have shown additional payment of Rs.1,928 crore towards fixed cost and Rs.553 crore towards variable cost. The Discoms have claimed that supply of power is lesser vis a vis energy despatch approved by the Commission for the year 2017-18 by 2114 mu from APPDCL, by 5475 mu from TS Genco, by 499 mu from AP Genco hydel, by 528 mu from NCE, and by 1290 mu from IPPs and others. Did the Discoms claim and collect liquidated damages from the power stations concerned for lesser supply of power as per the terms and conditions in their respective PPAs, wherever applicable? While there is lesser supply of power to the tune of 712 mu from KSK Mahanadi, under 600 MW DBFOO, there is no supply at all against 1090 mu approved by the Commission. The Discoms have not explained the reasons for shortfall in generation and supply of power.</p> | <p>Whenever there is a short supply of power from the plants which are governed by PPAs & Two part tariff structure (Capacity Charge & Energy Charge), owing to the issues of Plant availability (either due to outage or due to shortage of supply) capacity charges payable to such generators would be reduced proportionately as per the provisions of the PPA.</p> <p>Main reason for deficiency in supply is less availability declaration by the concerned Generator owing to shortage of Coal and the payment of capacity charges are made accordingly.</p> |
| <p>3. While supply of power from TS Genco is lesser by 5475 mu, additional purchase from AP Genco is 3410 mu only. Obviously, it is much lesser than what AP Genco should have supplied to TS Discoms. On earlier occasions, the Discoms claimed that they were purchasing power additionally from AP Genco, i.e., the share of TS Discoms in the power stations of AP Genco. Even while claiming that they have purchased 3040 mu from the market against 196 mu permitted by the Commission, the Discoms have failed to explain as to why they could not purchase the share of TS Discoms from the stations of AP Genco following "regulation of power from TSGENCO stations to AP Discoms from 11th June 2017 onwards." Following that "regulation," supply of power from stations of AP Genco also was "regulated" to TS Discoms; and, as such, additional power to the extent it was regulated must have been available from AP Genco to be purchased by AP Discoms. At the same time, the Discoms have claimed that they have purchased 1889 mu</p> | <p>Following the mutual regulation of purchase/supply of power between the entities of AP & TS from 11th June 2017 onwards, APDISCOMS have been procuring entire generation of APGENCO plants. Since percentage share of TS in the PPAs is more than that of AP to the extent of 8%, and installed capacity based on geographical location is more in AP, expected quantum of thermal power from AP Genco plants was more than that of the quantum available in pre-regulation period.</p> <p>As the expected availability from APGenco Stations did not materialize, the DISCOMs fell short of the required energy availability, and in order to ensure reliable & uninterrupted power supply, the DISCOMs have resorted to market purchases. Out of 2820 MU of market purchases, the DISCOMs have procured 1581</p> |

| Para No /Brief Issue | EPDCL Response |
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| <p>additionally from gas-based IPPs against 346 mu (from Reliance) approved by the Commission. While Reliance failed to supply the approved quantum of power, the Discoms have purchased 1030 mu from GVK, 560 mu from Spectrum and 645 mu from Lanco, without any approval of the Commission. The Discoms have claimed that they have purchased 2820 mu from the market at a total cost of Rs.742 crore. However, the Discoms have failed to give details pertaining to the kind of procedure they followed for purchasing 2820 mu from the market, from which projects, per unit cost and quantum of power from different sources. It needs to be clarified by the Discoms whether additional purchases on such a higher scale were made by them without seeking prior consent of the Hon'ble Commission, both in terms of quantum and cap for tariffs to be paid, and the procedure to be adopted for such purchases to ensure competitive tariffs. Since the Discoms had not sought and got permission of the Hon'ble Commission for purchasing additional power from the market, maximum cap of tariff and the procedure to be adopted for competitive bidding for such purchases, it reflects "executive arrogance" of the powers-that-be who handled such purchases from VidyuthSoudha. It is a negation of the directions given periodically by the Hon'ble Commission on additional power purchases to be made by the Discoms and reflects recklessness of the powers-that-be that they need not seek prior permission of the Commission for such purchases and their contempt for regulatory requirements and questionable approach that the Commission would or should give its consent to such purchases as and when they seek.</p> | <p>MU from Power Exchange (IEX), which operates on a transparent process of competitive bidding platform. Another 1200 MU of energy has been procured through banking mechanism (SWAP) with power utilities of other states on returnable basis. The weighted average rate of procurement of power from the exchange is lesser than the approved per unit rate by the Hon'ble APERC.</p> |
| <p>4. The Discoms have maintained that they have incurred fixed cost more by Rs.1786 crore against Rs.4026 crore approved by the Commission. While the fixed cost paid to thermal stations of TS Genco was lesser by Rs.668 crore against Rs.845 crore approved by the Commission, the additional fixed cost paid to thermal stations of AP Genco was higher by Rs.822 crore against Rs.965 crore approved by the Commission. In other words, for not purchasing 5475 mu from TS Genco, the Discoms have not paid Rs.668 crore towards fixed cost, whereas for purchasing 3410 mu additionally from AP Genco (including</p> | <p>Thermal Generating stations located in Telangana State are older units when compared to the stations located in Andhra Pradesh. This causes, per unit fixed cost of generating stations in TS at lower side when compared to its counterparts in AP. This is the reason behind payment of higher fixed costs by AP DISCOMs when "Regulation" of power came into force between AP & TS.</p> <p>During certain instances in the grid operations, Thermal Power Stations are</p> |

| Para No /Brief Issue | | EPDCL Response |
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| <p>APPDCL), the Discoms have paid Rs.1786 crore additionally. It confirms that compared to the quantum of power not purchased from TS Genco and the quantum of power purchased additionally from AP Genco, on an average the Discoms have paid higher fixed charges per unit to AP Genco. The reasons for the same need to be explained by the Discoms to examine whether such higher payments are justified or not. That apart, fixed cost being fixed in nature, it cannot increase for purchase of the quantum of power approved by the Commission. Therefore, the moot point is whether the Discoms backed down capacities of the stations of AP Genco and paid fixed charges therefor. If so, what were the quantum of power backed down by the Discoms and fixed charges paid therefor to AP Genco and other thermal stations, if any?</p> | | <p>backed down to accommodate Renewable Energy sources which have been conferred "Must Run" status. During the period of backing down, the thermal generating stations have to be compensated for fixed cost payment, if they confirm the availability, as per the provisions of the PPAs.</p> <p>The quantum of backing down & fixed charges paid to AP Genco stations for the above period is as furnished in the enclosed Statement.</p> |
| <p>5. The Discoms have shown that they could not sell a surplus of 1540 mu. At the same time, they have purchased 2625 mu more than what was approved by the Commission from the market. What are the reasons for the same? Did the Discoms back down thermal power in order to purchase high cost and must-run non-conventional energy to the tune of 9788 mu against 10316 mu approved by the Commission, exceeding their obligations under RPPO, and pay fixed charges therefor? If so, what are the costs per unit of NCE purchased and per unit cost of power from the thermal stations backed down, station-wise and unit-wise?</p> | | <p>Prevailing price in the Short-Term market at the time of surplus availability with us is the criteria for selling power outside. If the prevailing price is lesser than the marginal variable cost of the generating station at that instant, its not commercially prudent to opt for sale of power.</p> <p>The DISCOMs have taken every possible step to sell the surplus power available at their disposal. Availability of surplus power on the basis of Time of the Day (Peak Load Hours, Day Time Power, Night Power etc) is important to fetch reasonable revenue. RE power has been purchased in accordance with the provisions of the approved PPAs and regulations governing grid operations. The details of Per Unit Cost of the Thermal Power Backed down is furnished in the above mentioned enclosed Statement.</p> |
| <p>6. The Discoms have claimed that following fixed costs determined by the Commission for SDSTPS stage I (2x800 MW) on 2.3.2019, they have to pay Rs.946.66 crore additionally to the project. When the Commission fixed an interim tariff of Rs.3.63 per unit, with a fixed cost of Rs.1.02 per unit, and when actual energy availed from SDSTPS-1 was with a PLF of 56.72% only, and when the Discoms paid Rs.457.26 crore @ Rs.1.02 per unit for the year 2017-18, the</p> | | <p>It is to inform that short payment of fixed cost would take place, if the generator didn't achieve the target availability factor as specified in the relevant PPA.</p> <p>The matter of not allowing the fixed cost payments on retrospective basis to SDSTPS is within the purview of the Hon'ble APERC.</p> |

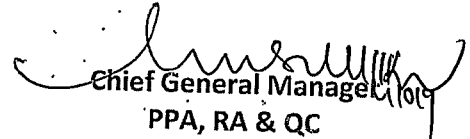
| Para No /Brief Issue | EPDCL Response | | | | | | | | | | |
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| fixed costs determined by the Commission for the station on 2.3.2019 cannot, and should not, be applied with retrospective. Therefore, we request the Hon'ble Commission not to approve payment of additional sum of Rs.946.66 the Discoms have claimed to have paid to the said station under true-up. When fixed cost was approved by the Commission for availability at 80% PLF and when the station could achieve 56.72% PLF only, liquidated damages should be collected from SDSTPS-1 for generation and supply of power below threshold level. | | | | | | | | | | | |
| 7. The Discoms have claimed that while the Commission approved Rs.3.01 per unit as the average variable cost for the year 2017-18, they have paid @ Rs.3.08 per unit. They have not explained the reasons for paying higher variable costs. The justification or otherwise for paying higher variable costs needs to be examined. | Ownership wise / Source wise variation in respect of the per unit variable cost is given in Table 15 of the petition. The increase in variable cost is due to increase in Basic price, Fuel Cost Adjustment (FCA) levied by the Coal / Gas companies and increased freight charges leveled by Railways and other transportation agencies. | | | | | | | | | | |
| 8. The Discoms have claimed that other costs paid by them increased to Rs.961 crore from Rs.408 crore approved by the Commission. They have not explained what those other costs are and why a sum of Rs.553 crore was paid by them. The justification and permissibility for paying such a huge amount for unexplained other costs need to be examined. | Other Costs include expenditures incurred on account of Additional Interest on pension bonds, incentives paid if any and actual payment of Income Tax. These are the prudent expenditures made by the DISCOMS and submitted for admission in to the True-Up | | | | | | | | | | |
| 9. We request the Hon'ble Commission to determine the amounts taken over or to be taken over by GoAP from the debts of the Discoms for the year 2017-18 under UDAY and deduct the same from their true-up claims. In the subject petition, the Discoms have not given the details of taking over of their debt by GoAP under UDAY. | <p>As per Clause 1.2(a) of the MoU, GoAP agreed to take over 75% of working capital term loan of Rs.8461.75 Crs. and 100% FRP bonds of Rs.2546.15 Crs. of the APDISCOMS outstanding as on 30th September, 2015. Accordingly GoAP issued G.O.Ms.No.27, Energy Infrastructure & Investment (Power-I) Department, dt.26-07-2016.</p> <table border="1" data-bbox="917 1478 1492 1742"> <thead> <tr> <th></th><th>Outstanding loans as on 30-09-2015</th></tr> </thead> <tbody> <tr> <td>Capex Loans</td><td>3712.49</td></tr> <tr> <td>Working capital Loans</td><td>8461.76</td></tr> <tr> <td>FRP Bonds Liability</td><td>2546.15</td></tr> <tr> <td>Total</td><td>14720.40</td></tr> </tbody> </table> <p>Out of the total outstanding loans of Rs.14720.40 Crs. as on 30-09-2015, GoAP has accorded approval for takeover of 75% of working loans (Rs.6346.32 Crs.) and 100% of</p> | | Outstanding loans as on 30-09-2015 | Capex Loans | 3712.49 | Working capital Loans | 8461.76 | FRP Bonds Liability | 2546.15 | Total | 14720.40 |
| | Outstanding loans as on 30-09-2015 | | | | | | | | | | |
| Capex Loans | 3712.49 | | | | | | | | | | |
| Working capital Loans | 8461.76 | | | | | | | | | | |
| FRP Bonds Liability | 2546.15 | | | | | | | | | | |
| Total | 14720.40 | | | | | | | | | | |

| Para No /Brief Issue | | EPDCL Response | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-------|-------|-------|------------------------|---------|---------|---------|----------------------------------|---------|---------|---------|-------|---------|---------|---------|--|-------|-------|-------|------------------------|--------|---------|---------|----------------------------------|---------|---------|---------|-------|---------|---------|---------|
| | | <p>FRP bonds (Rs.2546.15 Crs.).</p> <table><tr><th></th><th>EPDCL</th><th>SPDCL</th><th>Total</th></tr><tr><td>Against 100% FRP Bonds</td><td>1205.95</td><td>1340.20</td><td>2546.15</td></tr><tr><td>Against 75% working capital loan</td><td>2094.53</td><td>4251.79</td><td>6346.32</td></tr><tr><td>Total</td><td>3300.48</td><td>5591.99</td><td>8892.47</td></tr></table> <p>As on date GoAP has taken over loans as given below:</p> <table><tr><th></th><th>EPDCL</th><th>SPDCL</th><th>Total</th></tr><tr><td>Against 100% FRP Bonds</td><td>904.46</td><td>1005.23</td><td>1909.69</td></tr><tr><td>Against 75% working capital loan</td><td>2094.53</td><td>4251.79</td><td>6346.32</td></tr><tr><td>Total</td><td>2998.99</td><td>5257.02</td><td>8256.01</td></tr></table> <p>The Hon'ble Commission is requested to treat such amounts /loans pertaining to PP cost as covered in the UDAY scheme, as per the prevailing regulations.</p> | | EPDCL | SPDCL | Total | Against 100% FRP Bonds | 1205.95 | 1340.20 | 2546.15 | Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | Total | 3300.48 | 5591.99 | 8892.47 | | EPDCL | SPDCL | Total | Against 100% FRP Bonds | 904.46 | 1005.23 | 1909.69 | Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | Total | 2998.99 | 5257.02 | 8256.01 |
| | EPDCL | SPDCL | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 100% FRP Bonds | 1205.95 | 1340.20 | 2546.15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 3300.48 | 5591.99 | 8892.47 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | EPDCL | SPDCL | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 100% FRP Bonds | 904.46 | 1005.23 | 1909.69 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 2998.99 | 5257.02 | 8256.01 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10. We request the Hon'ble Commission to direct the Discoms to seek additional subsidy required for purchases made in market far exceeding the quantum permitted by the Commission and from other sources from GoAP, since they did not seek prior approval of the Commission for purchasing additional quantum, procedure to be adopted for real and transparent competitive bidding and cap on tariff. The powers-that-be should be brought round to scrupulously adhere to regulatory requirements of the Commission for purchasing power and additional power. | | <p>The DISCOMs are complying with the directions of the Hon'ble Commission in this regard. Market procurement has been carried out through exchange or swapping arrangement or DEEP E bidding portal.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11. Carrying cost claimed by the Discoms to the tune of Rs.660 crore under true-up is not permissible. We request the Hon'ble Commission to reject the claim for carrying cost. The Discoms have to submit their true-up claims in time and the consumers should not be penalised for delay caused by the Discoms in submitting the same. | | <p>For the reasons beyond in the control of the DISCOMs, the True-Up claims have been submitted with a delay and carrying cost also has been claimed. The Hon'ble Commission is requested to condone the delay and approve the True-Up claim including carrying costs.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| Para No /Brief Issue | EPDCL Response |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| 12. We request the Hon'ble Commission to provide us an opportunity to make further submissions in person during the public hearing after receiving responses of the Discoms to our above-mentioned submissions and studying and analysing the same. | Within the purview of Hon'ble APERC. |

Yours faithfully


Chief General Manager
PPA, RA & QC
APEPDCL::VISAKHAPATNAM

Copy submitted to

The Secretary, APERC, 4TH Floor, 11-4-660, Singareni Bhavan, Red Hills, Hyderabad-500004.

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AP DISCOMS Back Down Fixed Cost for FY 2017-2018

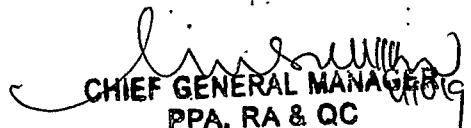
| Year | Source | Plant | Installed Capacity (MW) | Available energy (MU) | Backdown energy (MU) | Energy Purchased (MU) | Total FC (Rs Cr) | FC paid due to Back down (Rs Cr) | Per Unit Cost of Backdown Rs per unit |
|---------|------------------------------------------------------|---------|-------------------------|-----------------------|----------------------|-----------------------|--------------------|----------------------------------|---------------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) = (i)/(f)*10 |
| 2017-18 | AP GENCO -Thermal | | | | | | | | |
| | Dr.NTTPS Stage-I | Thermal | 1260.00 | 6605.91 | 447.04 | 6158.87 | 558.62 | 37.80 | 0.85 |
| | Dr.NTTPS Stage-II | | | | | | | | |
| | Dr.NTTPS Stage-III | | | | | | | | |
| | Dr.NTTPS Stage-IV | | | | | | | | |
| | RTPP Stage-I | | 420.00 | 2590.91 | 447.59 | 2143.31 | 242.98 | 41.97 | 0.94 |
| | RTPP Stage-II | | 420.00 | 2755.84 | 466.70 | 2289.14 | 370.93 | 62.82 | 1.35 |
| | RTPP Stage-III | | 210.00 | 1102.38 | 170.96 | 931.42 | 227.22 | 35.24 | 2.06 |
| | RTPP Stage-IV | | 600.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Thermal Incentive for FY 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 1.17 | 0.00 | |
| | FCA for 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Total AP GENCO -Thermal | | 3410.00 | 15714.76 | 1720.01 | 13994.75 | 1788.10 | 205.15 | 1.19 |
| | Total TSGENCO -Thermal | Thermal | 2282.50 | 1492.89 | 0.00 | 1492.89 | 199.63 | 0.00 | |
| | APPDCL (Krishnapatnam) -Thermal | | | | | | | | |
| 2017-18 | SDSTPS-I | Thermal | 1600.00 | 5906.49 | 1423.54 | 4482.95 | 1403.90 | 338.36 | |
| | SDSTPS-II | | | | | | | | |
| | Total APPDCL (Krishnapatnam) -Thermal | | 1600.00 | 5906.49 | 1423.54 | 4482.95 | 1403.90 | 338.36 | 2.38 |
| 2017-18 | CGS - Thermal | | | | | | | | |
| | NTPC (SR) Ramagundam St.I&II | Thermal | 274.23 | 2109.43 | 354.11 | 1755.32 | 124.11 | 20.83 | 0.59 |
| | NTPC (SR) Simadri Stage 1 | | 461.10 | 3180.58 | 495.69 | 2684.89 | 442.97 | 69.04 | 1.39 |
| | NTPC (SR) Simadri Stage 2 | | 188.64 | 1435.91 | 421.26 | 1014.66 | 203.06 | 59.57 | 1.41 |
| 2017-18 | NTPC (SR) Talcheru St.II | Thermal | 175.32 | 1300.11 | 104.90 | 1195.21 | 81.28 | 6.56 | 0.63 |
| | NTPC (SR) Ramagundam St.III | | 68.92 | 558.13 | 84.15 | 473.97 | 31.43 | 4.74 | 0.56 |
| | NTECL Valluru Thermal Power | | 87.93 | 568.11 | 87.83 | 480.28 | 111.04 | 17.17 | 1.95 |
| | NLC -Stage - I | Lignite | 47.60 | 326.04 | 112.98 | 213.06 | 21.18 | 7.38 | 0.65 |
| | NLC -Stage- II | | 86.87 | 639.84 | 216.83 | 423.01 | 35.93 | 12.17 | 0.56 |
| | NPC (MAPS) | Atomic | 18.39 | 104.96 | 0.00 | 104.96 | | 0.00 | |
| | NPC (Kaiga Unit-I, II & III) | | 116.22 | 915.84 | 0.00 | 915.84 | Single Part Tariff | 0.00 | |
| | NPC KUNDANKULAM (arrear Bill) | | | | | | | 0.00 | |
| | NLC Tamilnadu Power Ltd Stage.1 | Thermal | 123.15 | 833.50 | 230.01 | 603.48 | 143.80 | 39.68 | 1.73 |
| | NTPC Kudgi Stage-I (New Thermal Station) | | 143.04 | 654.66 | 380.30 | 274.36 | 71.30 | 41.42 | 1.09 |
| | Aravali Power Company Limited (IGSTPS) (Arrear Bill) | | | | | | 50.16 | 0.00 | |

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| Year | Source | Plant | Installed Capacity (MW) | Available energy (MU) | Backdown energy (MU) | Energy Purchased (MU) | Total FC (Rs Cr) | FC paid due to Back down (Rs Cr) | Per Unit Cost of Backdown Rs per unit |
|---------|------------------------------------------------------|---------|-------------------------|-----------------------|----------------------|-----------------------|--------------------|----------------------------------|---------------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) = (i)/(f)*100 |
| | Bundled Power under JNNM Ph- I & Ph-II | | 539.18 | 2632.42 | 0.03 | 2632.39 | Single Part Tariff | 0.00 | 0.00 |
| | Total CGS - Thermal | | 2330.59 | 15259.53 | 2488.10 | 12771.43 | 1316.26 | 278.56 | 1.12 |
| 2017-18 | IPP - Thermal (Hinduja, SEIL & KSK) | | | | | | | | |
| | Hinduja National Power Corp Ltd(HNPCL) | Thermal | 1040.00 | 4182.25 | 898.98 | 3283.78 | 0.00 | 0.00 | 0.00 |
| | Thermal Powertech Corporation India- | | 230.55 | 1876.47 | 126.02 | 1750.45 | 309.84 | 20.81 | 1.65 |
| | KSK Mahanadi Power Co.Ltd. | | 400.00 | 2108.58 | 228.43 | 1880.14 | 260.99 | 28.27 | 1.24 |
| | Total IPP - Thermal (Hinduja, SEIL & KSK) | | 1670.55 | 8167.29 | 1253.43 | 6914.38 | 570.83 | 49.08 | 0.39 |
| | GENCO-Hydel | | | | | | | | |
| | Srisaillam -RBPH | Hydel | 770.00 | 558.92 | 0.00 | 558.92 | 168.89 | 0.00 | |
| | NSRCPH | | 90.00 | 56.54 | 0.00 | 56.54 | 17.74 | 0.00 | |
| 2017-18 | Upper Sileru | Hydel | 240.00 | 471.67 | 0.00 | 471.67 | 55.84 | 0.00 | |
| | Lower Sileru | | 460.00 | 1087.39 | 0.00 | 1087.39 | 107.03 | 0.00 | |
| | Donkarayi | | 25.00 | 118.17 | 0.00 | 118.17 | 5.82 | 0.00 | |
| | Pennaahobilam | Hydel | 20.00 | 3.68 | 0.00 | 3.68 | 10.44 | 0.00 | |
| | Mini Hydel (Chettipete) | | 1.00 | 2.25 | 0.00 | 2.25 | 0.77 | 0.00 | |
| | Ramagiri Wind Mills | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | |
| | NSTPDC PH | | 50.00 | 30.07 | 0.00 | 30.07 | 22.11 | 0.00 | |
| | Machkund | | 84.00 | 233.83 | 0.00 | 233.83 | 25.35 | 0.00 | |
| | TB Dam | | 57.60 | 70.84 | 0.00 | 70.84 | 17.38 | 0.00 | |
| | NSTPHES 16-17 & 18-19 | | | 21.64 | 0.00 | 21.64 | 29.96 | 0.00 | |
| | Interest on Pension Bonds | | 0.00 | 0.00 | 0.00 | 0.00 | 684.11 | 0.00 | |
| | Income Tax for FY 16-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 3.06 | 0.00 | |
| | Suppl Calims for IPB 2014-15,2015-16,2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 47.59 | 0.00 | |
| | Total GENCO-Hydel | | 1797.60 | 2655.01 | 0.00 | 2655.01 | 1196.09 | 0.00 | |
| | IPP- GAS (GGPP, GAS IPPS & APGPCL) | | | | | | | | |

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| Year | Source | Plant | Installed Capacity (MW) | Available energy (MU) | Backdown energy (MU) | Energy Purchased (MU) | Total FC (Rs Cr) | FC paid due to Back down (Rs Cr) | Per Unit Cost of Backdown Rs per unit |
|---------|------------------------------------------------------------|-----------|-------------------------|-----------------------|----------------------|-----------------------|------------------|----------------------------------|---------------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) = (i)/(f)*10 |
| 2017-18 | Godavari Gas Power Plant (Now Own Source previously GVK-I) | Gas | 216.00 | 1057.69 | 26.57 | 1030.25 | 21.23 | 0.53 | 0.20 |
| | Spectrum Power | | 205.00 | 561.05 | 0.65 | 560.40 | 5.00 | 0.01 | 0.15 |
| | LANCO Kondapalli | | 361.92 | 645.08 | 0.04 | 645.05 | 64.30 | 0.00 | 1.00 |
| | SRIVATHSA POWER | | 17.20 | 53.44 | 0.00 | 53.44 | 3.17 | 0.00 | |
| | APGPCL -Stage-I | | 9.33 | 33.69 | 0.00 | 33.69 | 4.11 | 0.00 | |
| | APGPCL -Stage -II | | 24.96 | 113.32 | 0.00 | 113.32 | 7.38 | 0.00 | |
| | Total IPP- GAS (GGPP, GAS IPPS & APGPCL) | | 834.41 | 2464.27 | 27.26 | 2436.14 | 105.19 | 0.55 | 0.20 |
| 2017-18 | NRE - Solar | Solar | 4555.00 | | 0.00 | | 0.00 | 0.00 | |
| | NRE - Wind | Wind | 3931.00 | | 0.00 | | 0.00 | 0.00 | |
| | NRE - Others | bio-mass, | 579.10 | | 0.00 | | 0.00 | 0.00 | |
| | Others (Including Swapping) | | | | 0.00 | | 0.00 | 0.00 | |
| | Total Others (Including Swapping) | | 9065.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Grand Total | | 22990.75 | 51660.23 | 6912.34 | 44747.55 | 6580.00 | 871.70 | 2.26 |


 CHIEF GENERAL MANAGER
 PPA, RA & QC
 A.P.E.P.D.C. LTD.
 VISAKHAPATNAM-13



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SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED
19-13-65/A, Vidyut Nilayam, Srinivasapuram, Tirupati (www.apspdcl.in)

From

The Chief General Manager,
RAC, APSPDCL, 19-13-65/A,
Vidyut Nilayam, Srinivasapuram,
Tirupati – 517501.

To

Sri P.Madhu,
State Secretary, H.No.27-28-12, CP (M),
State Committee office,
Yamalavari Street,
Governorpet, Vijayawada-2

Lr No. CGM/RAC/SPDCL/TPT/RAC/F.True-up /D.No. 464/19 dt. 4-10-2019

Sir,

Sub:- APSPDCL/TPT – RAC – Replies to the objections on True-up filings for FY 2017-18
- Furnished - Regarding.

Ref:- Party's Objection received dt.06-09-2019

In response to the objection received vide reference cited, the replies to the objections on True-up filings for FY 2017-18 are as follows :

| Para No /Brief Issue | Response |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. APSPDCL and APEPDCL, being independent entities should have submitted their true-up applications separately. However, a common application is filed by both the Discoms for the year 2017-18, claiming revenue true-up of Rs.20 crore and expense true-up of Rs. 2576 crore, with a carrying cost of Rs.660 crore at an interest rate of 12% considering FY 2019-20 as the year of approval. While the revenue true-up of Rs.596 crore for EPDCL is shown as surplus, its total true-up claim is shown as Rs.434 crore, including a carrying cost of Rs.88 crore. Whereas, SPDCL has shown a total true-up claim of Rs.2823 crore, including a carrying cost of Rs.573 crore. Whatever be the true-up amounts that the Hon'ble Commission is going to permit, its impact on consumers should be confined to the respective true-up amounts of the Discom concerned. It should not be an average for the entire State. The benefit of true down for EPDCL should accrue to its consumers and the same should not be adjusted for true up of SPDCL. | <p>It is to inform that, in view of the uniform nature of Retail Supply Tariffs across the state independent of the service area of the distribution licensees, the DISCOMs are proposing to impose the burden of per unit True-Up also on uniform basis across the State.</p> <p>Further Power Purchase cost which constitutes around 80% of the entire expenditure of Distribution business is being incurred centrally to optimize the procurement cost and reduce the transaction costs. Even in the True-Up exercise, Power purchase cost variation is major element and so the DISCOMs have proposed for uniform levy of per unit True-up across the State.</p> |
| 2. While the Hon'ble Commission approved a total power purchase of 56,584 mu for the year 2017-18, the actual purchases claimed by the Discoms are 55,761 mu only, i.e., there is a lesser purchase of power by 822 mu. Despite that, against total | Whenever there is a short supply of power from the plants which are governed by PPAs & Two part tariff structure (Capacity Charge & Energy Charge), owing to the issues of Plant availability (either due to outage or due to |

| Para No /Brief Issue | Response |
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| <p>power purchase cost of Rs.23,231 crore approved by the Commission, the Discoms incurred an expenditure of Rs.25,806 crore for power purchase, i.e., higher by Rs.2,576 crore. They have shown additional payment of Rs.1,928 crore towards fixed cost and Rs.553 crore towards variable cost. The Discoms have claimed that supply of power is lesser vis a vis energy despatch approved by the Commission for the year 2017-18 by 2114 mu from APPDCL, by 5475 mu from TS Genco, by 499 mu from AP Genco hydel, by 528 mu from NCE, and by 1290 mu from IPPs and others. Did the Discoms claim and collect liquidated damages from the power stations concerned for lesser supply of power as per the terms and conditions in their respective PPAs, wherever applicable? While there is lesser supply of power to the tune of 712 mu from KSK Mahanadi, under 600 MW DBFOO, there is no supply at all against 1090 mu approved by the Commission. The Discoms have not explained the reasons for shortfall in generation and supply of power.</p> | <p>shortage of supply) capacity charges payable to such generators would be reduced proportionately as per the provisions of the PPA.</p> <p>Main reason for deficiency in supply is less availability declaration by the concerned Generator owing to shortage of Coal and the payment of capacity charges are made accordingly.</p> |
| <p>3. While supply of power from TS Genco is lesser by 5475 mu, additional purchase from AP Genco is 3410 mu only. Obviously, it is much lesser than what AP Genco should have supplied to TS Discoms. On earlier occasions, the Discoms claimed that they were purchasing power additionally from AP Genco, i.e., the share of TS Discoms in the power stations of AP Genco. Even while claiming that they have purchased 3040 mu from the market against 196 mu permitted by the Commission, the Discoms have failed to explain as to why they could not purchase the share of TS Discoms from the stations of AP Genco following "regulation of power from TSGENCO stations to AP Discoms from 11th June 2017 onwards." Following that "regulation," supply of power from stations of AP Genco also was "regulated" to TS Discoms, and, as such, additional power to the extent it was regulated must have been available from AP Genco to be purchased by AP Discoms. At the same time, the Discoms have claimed that they have purchased 1889 mu additionally from gas-based IPPs against 346 mu (from Reliance) approved by the Commission. While Reliance failed to supply the approved quantum of power, the Discoms have purchased 1030 mu from GVK,</p> | <p>Following the mutual regulation of purchase/supply of power between the entities of AP & TS from 11th June 2017 onwards, APDISCOMs have been procuring entire generation of APGENCO plants. Since percentage share of TS in the PPAs is more than that of AP to the extent of 8%, and installed capacity based on geographical location is more in AP, expected quantum of thermal power from AP Genco plants was more than that of the quantum available in pre-regulation period.</p> <p>As the expected availability from APGenco Stations did not materialize, the DISCOMs fell short of the required energy availability, and in order to ensure reliable & uninterrupted power supply, the DISCOMs have resorted to market purchases. Out of 2820 MU of market purchases, the DISCOMs have procured 1581 MU from Power Exchange (IEX), which operates on a transparent process of competitive bidding platform.</p> |

| Para No /Brief Issue | Response |
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| <p>560 mu from Spectrum and 645 mu from Lanco, without any approval of the Commission. The Discoms have claimed that they have purchased 2820 mu from the market at a total cost of Rs.742 crore. However, the Discoms have failed to give details pertaining to the kind of procedure they followed for purchasing 2820 mu from the market, from which projects, per unit cost and quantum of power from different sources. It needs to be clarified by the Discoms whether additional purchases on such a higher scale were made by them without seeking prior consent of the Hon'ble Commission, both in terms of quantum and cap for tariffs to be paid, and the procedure to be adopted for such purchases to ensure competitive tariffs. Since the Discoms had not sought and got permission of the Hon'ble Commission for purchasing additional power from the market, maximum cap of tariff and the procedure to be adopted for competitive bidding for such purchases, it reflects "executive arrogance" of the powers-that-be who handled such purchases from Vidyuth Soudha. It is a negation of the directions given periodically by the Hon'ble Commission on additional power purchases to be made by the Discoms and reflects recklessness of the powers-that-be that they need not seek prior permission of the Commission for such purchases and their contempt for regulatory requirements and questionable approach that the Commission would or should give its consent to such purchases as and when they seek.</p> | <p>Another 1200 MU of energy has been procured through banking mechanism (SWAP) with power utilities of other states on returnable basis.</p> <p>The weighted average rate of procurement of power from the exchange is lesser than the approved per unit rate by the Hon'ble APERC.</p> |
| <p>4. The Discoms have maintained that they have incurred fixed cost more by Rs.1786 crore against Rs.4026 crore approved by the Commission. While the fixed cost paid to thermal stations of TS Genco was lesser by Rs.668 crore against Rs.845 crore approved by the Commission, the additional fixed cost paid to thermal stations of AP Genco was higher by Rs.822 crore against Rs.965 crore approved by the Commission. In other words, for not purchasing 5475 mu from TS Genco, the Discoms have not paid Rs.668 crore towards fixed cost, whereas for purchasing 3410 mu additionally from AP Genco (including APPDCL), the Discoms have paid Rs.1786 crore additionally. It confirms that compared to the quantum of power not purchased from TS Genco</p> | <p>Thermal Generating stations located in Telangana State are older units when compared to the stations located in Andhra Pradesh. This causes, per unit fixed cost of generating stations in TS at lower side when compared to its counterparts in AP. This is the reason behind payment of higher fixed costs by AP DISCOMs when "Regulation" of power came into force between AP & TS.</p> <p>During certain instances in the grid operations, Thermal Power Stations are backed down to accommodate Renewable Energy sources which have been conferred "Must Run" status. During the period of backing down, the thermal generating stations</p> |

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| Para No /Brief Issue | Response |
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| <p>and the quantum of power purchased additionally from AP Genco, on an average the Discoms have paid higher fixed charges per unit to AP Genco. The reasons for the same need to be explained by the Discoms to examine whether such higher payments are justified or not. That apart, fixed cost being fixed in nature, it cannot increase for purchase of the quantum of power approved by the Commission. Therefore, the moot point is whether the Discoms backed down capacities of the stations of AP Genco and paid fixed charges therefor. If so, what were the quantum of power backed down by the Discoms and fixed charges paid therefor to AP Genco and other thermal stations, if any?</p> | <p>have to be compensated for fixed cost payment, if they confirm the availability, as per the provisions of the PPAs.</p> <p>The quantum of backing down & fixed charges paid to AP Genco stations for the above period are furnished in the enclosure.</p> |
| <p>5. The Discoms have shown that they could not sell a surplus of 1540 mu. At the same time, they have purchased 2625 mu more than what was approved by the Commission from the market. What are the reasons for the same? Did the Discoms back down thermal power in order to purchase high cost and must-run non-conventional energy to the tune of 9788 mu against 10316 mu approved by the Commission, exceeding their obligations under RPPO, and pay fixed charges therefor? If so, what are the costs per unit of NCE purchased and per unit cost of power from the thermal stations backed down, station-wise and unit-wise?</p> | <p>Prevailing price in the Short-Term market at the time of surplus availability with us is the criteria for selling power outside. If the prevailing price is lesser than the marginal variable cost of the generating station at that instant, its not commercially prudent to opt for sale of power.</p> <p>The DISCOMs have taken every possible step to sell the surplus power available at their disposal. Availability of surplus power on the basis of Time of the Day (Peak Load Hours, Day Time Power, Night Power etc) is important to fetch reasonable revenue. RE power has been purchased in accordance with the provisions of the approved PPAs and regulations governing grid operations. Per Unit Cost of the Thermal Power Backed down are furnished in the enclosure.</p> |
| <p>6. The Discoms have claimed that following fixed costs determined by the Commission for SDSTPS stage I (2x800 MW) on 2.3.2019, they have to pay Rs.946.66 crore additionally to the project. When the Commission fixed an interim tariff of Rs.3.63 per unit, with a fixed cost of Rs.1.02 per unit, and when actual energy availed from SDSTPS-1 was with a PLF of 56.72% only, and when the Discoms paid Rs.457.26 crore @ Rs.1.02 per unit for the year 2017-18, the fixed costs determined by the Commission for the station on 2.3.2019 cannot, and should not, be applied with retrospective. Therefore, we request the Hon'ble Commission not to approve payment of additional sum of Rs.946.66 the Discoms have claimed to have paid</p> | <p>It is to inform that short payment of fixed cost would take place, if the generator didn't achieve the target availability factor as specified in the relevant PPA.</p> <p>The matter of not allowing the fixed cost payments on retrospective basis to SDSTPS is within the purview of the Hon'ble APERC.</p> |

| Para No /Brief Issue | Response | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| to the said station under true-up. When fixed cost was approved by the Commission for availability at 80% PLF and when the station could achieve 56.72% PLF only, liquidated damages should be collected from SDSTPS-1 for generation and supply of power below threshold level. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. The Discoms have claimed that while the Commission approved Rs.3.01 per unit as the average variable cost for the year 2017-18, they have paid @ Rs.3.08 per unit. They have not explained the reasons for paying higher variable costs. The justification or otherwise for paying higher variable costs needs to be examined. | Ownership wise / Source wise variation in respect of the per unit variable cost is given in Table 15 of the petition. The increase in variable cost is due to increase in Basic price, Fuel Cost Adjustment (FCA) levied by the Coal / Gas companies and increased freight charges leveled by Railways and other transportation agencies. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8. The Discoms have claimed that other costs paid by them increased to Rs.961 crore from Rs.408 crore approved by the Commission. They have not explained what those other costs are and why a sum of Rs.553 crore was paid by them. The justification and permissibility for paying such a huge amount for unexplained other costs need to be examined. | Other Costs include expenditures incurred on account of Additional Interest on pension bonds, incentives paid if any and actual payment of Income Tax. These are the prudent expenditures made by the DISCOMs and submitted for admission in to the True-Up | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9. We request the Hon'ble Commission to determine the amounts taken over or to be taken over by GoAP from the debts of the Discoms for the year 2017-18 under UDAY and deduct the same from their true-up claims. In the subject petition, the Discoms have not given the details of taking over of their debt by GoAP under UDAY. | <p>As per Clause 1.29a) of the MoU, GoAP agreed to take over 75% of working capital term loan of Rs.8461.75 Crs. and 100% FRP bonds of Rs.2546.15 Crs. of the APDISCOMs outstanding as on 30th September, 2015. Accordingly GoAP issued G.O.Ms.No.27, Energy Infrastructure & Investment (Power-I) Department, dt.26-07-2016.</p> <table><tr><td></td><td colspan="3">Outstanding loans as on 30-09-2015</td></tr><tr><td>Capex Loans</td><td colspan="3">3712.49</td></tr><tr><td>Working capital Loans</td><td colspan="3">8461.76</td></tr><tr><td>FRP Bonds Liability</td><td colspan="3">2546.15</td></tr><tr><td>Total</td><td colspan="3">14720.40</td></tr></table> <p>Out of the total outstanding loans of Rs.14-720.40 Crs. as on 30-09-2015, GoAP has accorded approval for takeover of 75% of working loans (Rs.6346.32 Crs.) and 100% of FRP bonds (Rs.2546.15 Crs.).</p> <table><tr><td></td><td>EPDCL</td><td>SPDCL</td><td>Total</td></tr><tr><td>Against 100% FRP Bonds</td><td>1205.95</td><td>1340.20</td><td>254 6.15</td></tr><tr><td>Against 75% working capital loan</td><td>2094.53</td><td>4251.79</td><td>634 6.32</td></tr><tr><td>Total</td><td>3300.48</td><td>5591.99</td><td>889 2.47</td></tr></table> <p>As on date GoAP has taken over loans as given below:</p> | | Outstanding loans as on 30-09-2015 | | | Capex Loans | 3712.49 | | | Working capital Loans | 8461.76 | | | FRP Bonds Liability | 2546.15 | | | Total | 14720.40 | | | | EPDCL | SPDCL | Total | Against 100% FRP Bonds | 1205.95 | 1340.20 | 254 6.15 | Against 75% working capital loan | 2094.53 | 4251.79 | 634 6.32 | Total | 3300.48 | 5591.99 | 889 2.47 |
| | Outstanding loans as on 30-09-2015 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capex Loans | 3712.49 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Working capital Loans | 8461.76 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FRP Bonds Liability | 2546.15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 14720.40 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | EPDCL | SPDCL | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 100% FRP Bonds | 1205.95 | 1340.20 | 254 6.15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 75% working capital loan | 2094.53 | 4251.79 | 634 6.32 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 3300.48 | 5591.99 | 889 2.47 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| Para No /Brief Issue | Response | | | |
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| | | EPDCL | SPDCL | Total |
| | Against 100% FRP Bonds | 904.46 | 1005.23 | 1909.69 |
| | Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 |
| | Total | 2998.99 | 5257.02 | 8256.01 |
| 10. We request the Hon'ble Commission to direct the Discoms to seek additional subsidy required for purchases made in market far exceeding the quantum permitted by the Commission and from other sources from GoAP, since they did not seek prior approval of the Commission for purchasing additional quantum, procedure to be adopted for real and transparent competitive bidding and cap on tariff. The powers-that-be should be brought round to scrupulously adhere to regulatory requirements of the Commission for purchasing power and additional power. | The DISCOMs are complying with the directions of the Hon'ble Commission in this regard. Market procurement has been carried out through exchange or swapping arrangement or DEEP E bidding portal. | | | |
| 11. Carrying cost claimed by the Discoms to the tune of Rs.660 crore under true-up is not permissible. We request the Hon'ble Commission to reject the claim for carrying cost. The Discoms have to submit their true-up claims in time and the consumers should not be penalised for delay caused by the Discoms in submitting the same. | For the reasons beyond the control of the DISCOMs, the True-Up claims have been submitted with a delay and carrying cost also has been claimed. The Hon'ble Commission is requested to condone the delay and approve the True-Up claim including carrying costs. | | | |
| 12. We request the Hon'ble Commission to provide us an opportunity to make further submissions in person during the public hearing after receiving responses of the Discoms to our above-mentioned submissions and studying and analysing the same. | Within the purview of Hon'ble APERC. | | | |

Yours faithfully,


Chief General Manager
RAC :: APSPDCL

Copy submitted to the Secretary, APERC, 11-4-660, 4th Floor, Singareni Bhavan, Red Hills, Lakdikapul, Hyderabad-04

Enclosure

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| AP DISCOMS Back Down Fixed Cost for FY 2017-2018 | | | | | | | | | |
|--------------------------------------------------|------------------------------------------------------------|----------|-------------------------|-----------------------|----------------------|-----------------------|------------------|----------------------------------|---------------------------------------|
| Year | Source | Plant | Installed Capacity (MW) | Available energy (MU) | Backdown energy (MU) | Energy Purchased (MU) | Total FC (Rs Cr) | FC paid due to Back down (Rs Cr) | Per Unit Cost of Backdown Rs per unit |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) = (i)/(f)*10 |
| 2017-18 | AP GENCO -Thermal | | | | | | | | |
| | Dr.NTPS Stage-I | Thermal | | | | | | | |
| | Dr.NTPS Stage-II | | 1260.00 | 6605.91 | 447.04 | 6158.87 | 558.62 | 37.80 | 0.85 |
| | Dr.NTPS Stage-III | | | | | | | | |
| | Dr.NTPS Stage-IV | | 500.00 | 2659.72 | 187.71 | 2472.01 | 387.17 | 27.32 | 1.46 |
| | RTPP Stage-I | | 420.00 | 2590.91 | 447.59 | 2143.31 | 242.98 | 41.97 | 0.94 |
| | RTPP Stage-II | | 420.00 | 2755.84 | 466.70 | 2289.14 | 370.93 | 62.82 | 1.35 |
| | RTPP Stage-III | | 210.00 | 1102.38 | 170.96 | 931.42 | 227.22 | 35.24 | 2.06 |
| | RTPP Stage-IV | | 600.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Thermal Incentive for FY 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 1.17 | 0.00 | |
| | FCA for 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Total AP GENCO -Thermal | | 3410.00 | 15714.76 | 1720.01 | 13994.75 | 1788.10 | 205.15 | 1.19 |
| 2017-18 | Total TSGENCO -Thermal | Thermal | 2282.50 | 1492.89 | 0.00 | 1492.89 | 199.63 | 0.00 | |
| | APPDCL (Krishnapatnam) -Thermal | | | | | | | | |
| | SDSTPS-I | Thermal | | | | | | | |
| | SDSTPS-II | | 1600.00 | 5906.49 | 1423.54 | 4482.95 | 1403.90 | 338.36 | |
| | Total APPDCL (Krishnapatnam) -Thermal | | 1600.00 | 5906.49 | 1423.54 | 4482.95 | 1403.90 | 338.36 | 2.38 |
| 2017-18 | CGS - Thermal | | | | | | | | |
| | NTPC (SR) Ramagundam St.I&II | Thermal | 274.23 | 2109.43 | 354.11 | 1755.32 | 124.11 | 20.83 | 0.59 |
| | NTPC (SR) Simadri Stage 1 | | 461.10 | 3180.58 | 495.69 | 2684.89 | 442.97 | 69.04 | 1.39 |
| | NTPC (SR) Simadri Stage 2 | | 188.64 | 1435.91 | 421.26 | 1014.66 | 203.06 | 59.57 | 1.41 |
| 2017-18 | NTPC (SR) Talcheru St.II | Thermal | 175.32 | 1300.11 | 104.90 | 1195.21 | 81.28 | 6.56 | 0.63 |
| | NTPC (SR) Ramagundam St.III | | 68.92 | 558.13 | 84.15 | 473.97 | 31.43 | 4.74 | 0.56 |
| | NTECL Valluru Thermal Power | | 87.93 | 568.11 | 87.83 | 480.28 | 111.04 | 17.17 | 1.95 |
| | NLC -Stage - I | Lignite | 47.60 | 326.04 | 112.98 | 213.06 | 21.18 | 7.38 | 0.65 |
| | NLC -Stage - II | | 86.87 | 639.84 | 216.83 | 423.01 | 35.93 | 12.17 | 0.56 |
| | NPC (MAPS) | Atomic | 18.39 | 104.96 | 0.00 | 104.96 | | 0.00 | |
| | NPC (Kaiga Unit-I, II & III) | | 116.22 | 915.84 | 0.00 | 915.84 | | 0.00 | |
| | NPC KUNDANKULAM (arrear Bill) | | | | | | | 0.00 | |
| | NLC Tamilnadu Power Ltd Stage.1 | Thermal | 123.15 | 833.50 | 230.01 | 603.48 | 143.80 | 39.68 | 1.73 |
| | NTPC Kudgi Stage-I (New Thermal Station) | | 143.04 | 654.66 | 380.30 | 274.36 | 71.30 | 41.42 | 1.09 |
| | Aravali Power Company Limited (IGSTPS) (Arrear Bill) | | | | | | 50.16 | 0.00 | |
| | Bundled Power under JNNM Ph- I & Ph-II | | 539.18 | 2632.42 | 0.03 | 2632.39 | | 0.00 | 0.00 |
| | Total CGS - Thermal | | 2330.59 | 15259.53 | 2488.10 | 12771.43 | 1316.26 | 278.56 | 1.12 |
| 2017-18 | IPP - Thermal (Hinduja, SER & KSK) | | | | | | | | |
| | Hinduja National Power Corp Ltd(HNPCL) | Thermal | 1040.00 | 4182.25 | 898.98 | 3283.78 | 0.00 | 0.00 | 0.00 |
| | Thermal Powertech Corporation India | | 230.55 | 1876.47 | 126.02 | 1750.45 | 309.84 | 20.81 | 1.65 |
| | KSK Mahanadi Power Co.Ltd., | | 400.00 | 2108.58 | 228.43 | 1880.14 | 260.99 | 28.27 | 1.24 |
| | Total IPP - Thermal (Hinduja, SER & KSK) | | 1670.55 | 8167.29 | 1253.43 | 6914.38 | 570.83 | 49.08 | 0.39 |
| 2017-18 | GENCO-Hydel | | | | | | | | |
| | Srisaillam -RBPB | Hydel | 770.00 | 558.92 | 0.00 | 558.92 | 168.89 | 0.00 | |
| | NSRCPH | Hydel | 90.00 | 56.54 | 0.00 | 56.54 | 17.74 | 0.00 | |
| | Upper Sileru | | 240.00 | 471.67 | 0.00 | 471.67 | 55.84 | 0.00 | |
| | Lower Sileru | | 460.00 | 1087.39 | 0.00 | 1087.39 | 107.03 | 0.00 | |
| | Donkarayi | | 25.00 | 118.17 | 0.00 | 118.17 | 5.82 | 0.00 | |
| | Pennaahobilam | | 20.00 | 3.68 | 0.00 | 3.68 | 10.44 | 0.00 | |
| | Mini Hydel (Chettipeta) | | 1.00 | 2.25 | 0.00 | 2.25 | 0.77 | 0.00 | |
| | Ramagiri Wind Mills | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | |
| | NSTPDC PH | | 50.00 | 30.07 | 0.00 | 30.07 | 22.11 | 0.00 | |
| | Machkund | | 84.00 | 233.83 | 0.00 | 233.83 | 25.35 | 0.00 | |
| | TB Dam | | 57.60 | 70.84 | 0.00 | 70.84 | 17.38 | 0.00 | |
| | NSTPHES 16-17 & 18-19 | | | 21.64 | 0.00 | 21.64 | 29.96 | 0.00 | |
| | Interest on Pension Bonds | | 0.00 | 0.00 | 0.00 | 0.00 | 684.11 | 0.00 | |
| | Income Tax for FY 16-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 3.06 | 0.00 | |
| | Suppl Calims for IPB 2014-15, 2015-16, 2016-17 | | 1797.00 | 0.00 | 0.00 | 0.00 | 47.59 | 0.00 | |
| | Total GENCO-Hydel | | 1797.00 | 2655.01 | 0.00 | 2655.01 | 1196.09 | 0.00 | |
| 2017-18 | IPP- GAS (GGPP, GAS IPPS & APGPCL) | | | | | | | | |
| | Godavari Gas Power Plant (Now Own Source previously GVK-I) | Gas | 216.00 | 1057.69 | 26.57 | 1030.25 | 21.23 | 0.53 | 0.20 |
| | Spectrum Power | | 205.00 | 561.05 | 0.65 | 560.40 | 5.00 | 0.01 | 0.15 |
| | LANCO Kondapalli | | 361.92 | 645.08 | 0.04 | 645.05 | 64.30 | 0.00 | 1.00 |
| | SRIVATHSA POWER | | 17.20 | 53.44 | 0.00 | 53.44 | 3.17 | 0.00 | |
| | APGPCL -Stage-I | | 9.33 | 33.69 | 0.00 | 33.69 | 4.11 | 0.00 | |
| | APGPCL -Stage -II | | 24.96 | 113.32 | 0.00 | 113.32 | 7.38 | 0.00 | |
| 2017-18 | Total IPP- GAS (GGPP, GAS IPPS & APGPCL) | | 834.41 | 2464.27 | 27.26 | 2436.14 | 105.19 | 0.55 | 0.20 |
| | NRE - Solar | Solar | 4555.00 | | 0.00 | | 0.00 | 0.00 | |
| | NRE - Wind | Wind | 3931.00 | | 0.00 | | 0.00 | 0.00 | |
| | NRE - Others | bio-mass | 579.10 | | 0.00 | | 0.00 | 0.00 | |
| | Others (Including Swapping) | | | | 0.00 | | 0.00 | 0.00 | |
| 2017-18 | Total Others (Including Swapping) | | 9065.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Grand Total | | 22990.75 | 51660.23 | 6912.34 | 44747.55 | 6580.00 | 871.70 | 1.26 |



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SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED
19-13-65/A, Vidyut Nilayam, Srinivasapuram, Tirupati (www.apspdcl.in)

From

The Chief General Manager,
RAC, APSPDCL, 19-13-65/A,
Vidyut Nilayam, Srinivasapuram,
Tirupati – 517501.

To

Sri CH. Narasinga Rao,
State Secretary Member,
NPR Bhavan, H.No.28-6-8,,
Yallammathota, Jagadamba Jn.,
Visakhapatnam-20

Lr No. CGM/RAC/SPDCL/TPT/RAC/F.True-up /D.No. 467 /19 dt. 04 -10-2019

Sir,

Sub:- APSPDCL/TPT – RAC – Replies to the objections on True-up filings for FY 2017-18
- Furnished - Regarding.

Ref:- Party's Objection received dt.06-09-2019

In response to the objection received vide reference cited, the replies to the objections on True-up filings for FY 2017-18 are as follows :

| Para No /Brief Issue | Response |
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| 1. APSPDCL and APEPDCL, being independent entities should have submitted their true-up applications separately. However, a common application is filed by both the Discoms for the year 2017-18, claiming revenue true-up of Rs.20 crore and expense true-up of Rs. 2576 crore, with a carrying cost of Rs.660 crore at an interest rate of 12% considering FY 2019-20 as the year of approval. While the revenue true-up of Rs.596 crore for EPDCL is shown as surplus, its total true-up claim is shown as Rs.434 crore, including a carrying cost of Rs.88 crore. Whereas, SPDCL has shown a total true-up claim of Rs.2823 crore, including a carrying cost of Rs.573 crore. Whatever be the true-up amounts that the Hon'ble Commission is going to permit, its impact on consumers should be confined to the respective true-up amounts of the Discom concerned. It should not be an average for the entire State. The benefit of true down for EPDCL should accrue to its consumers and the same should not be adjusted for true up of SPDCL. | <p>It is to inform that, in view of the uniform nature of Retail Supply Tariffs across the state independent of the service area of the distribution licensees, the DISCOMs are proposing to impose the burden of per unit True-Up also on uniform basis across the State.</p> <p>Further Power Purchase cost which constitutes around 80% of the entire expenditure of Distribution business is being incurred centrally to optimize the procurement cost and reduce the transaction costs. Even in the True-Up exercise, Power purchase cost variation is major element and so the DISCOMs have proposed for uniform levy of per unit True-up across the State.</p> |
| 2. While the Hon'ble Commission approved a total power purchase of 56,584 mu for the year 2017-18, the actual purchases claimed by the Discoms are 55,761 mu only, i.e., there is a lesser purchase of power by 822 mu. Despite that, against total | Whenever there is a short supply of power from the plants which are governed by PPAs & Two part tariff structure (Capacity Charge & Energy Charge), owing to the issues of Plant availability (either due to outage or due to |

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| Para No /Brief Issue | Response |
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| <p>power purchase cost of Rs.23,231 crore approved by the Commission, the Discoms incurred an expenditure of Rs.25,806 crore for power purchase, i.e., higher by Rs.2,576 crore. They have shown additional payment of Rs.1,928 crore towards fixed cost and Rs.553 crore towards variable cost. The Discoms have claimed that supply of power is lesser vis a vis energy despatch approved by the Commission for the year 2017-18 by 2114 mu from APPDCL, by 5475 mu from TS Genco, by 499 mu from AP Genco hydel, by 528 mu from NCE, and by 1290 mu from IPPs and others. Did the Discoms claim and collect liquidated damages from the power stations concerned for lesser supply of power as per the terms and conditions in their respective PPAs, wherever applicable? While there is lesser supply of power to the tune of 712 mu from KSK Mahanadi, under 600 MW DBFOO, there is no supply at all against 1090 mu approved by the Commission. The Discoms have not explained the reasons for shortfall in generation and supply of power.</p> | <p>shortage of supply) capacity charges payable to such generators would be reduced proportionately as per the provisions of the PPA.</p> <p>Main reason for deficiency in supply is less availability declaration by the concerned Generator owing to shortage of Coal and the payment of capacity charges are made accordingly.</p> |
| <p>3. While supply of power from TS Genco is lesser by 5475 mu, additional purchase from AP Genco is 3410 mu only. Obviously, it is much lesser than what AP Genco should have supplied to TS Discoms. On earlier occasions, the Discoms claimed that they were purchasing power additionally from AP Genco, i.e., the share of TS Discoms in the power stations of AP Genco. Even while claiming that they have purchased 3040 mu from the market against 196 mu permitted by the Commission, the Discoms have failed to explain as to why they could not purchase the share of TS Discoms from the stations of AP Genco following "regulation of power from TSGENCO stations to AP Discoms from 11th June 2017 onwards." Following that "regulation," supply of power from stations of AP Genco also was "regulated" to TS Discoms, and, as such, additional power to the extent it was regulated must have been available from AP Genco to be purchased by AP Discoms. At the same time, the Discoms have claimed that they have purchased 1889 mu additionally from gas-based IPPs against 346 mu (from Reliance) approved by the Commission. While Reliance failed to supply the approved quantum of power, the Discoms have purchased 1030 mu from GVK,</p> | <p>Following the mutual regulation of purchase/ supply of power between the entities of AP & TS from 11th June 2017 onwards, APDISCOMs have been procuring entire generation of APGENCO plants. Since percentage share of TS in the PPAs is more than that of AP to the extent of 8%, and installed capacity based on geographical location is more in AP, expected quantum of thermal power from AP Genco plants was more than that of the quantum available in pre-regulation period.</p> <p>As the expected availability from APGenco Stations did not materialize, the DISCOMs fell short of the required energy availability, and in order to ensure reliable & uninterrupted power supply, the DISCOMs have resorted to market purchases. Out of 2820 MU of market purchases, the DISCOMs have procured 1581 MU from Power Exchange (IEX), which operates on a transparent process of competitive bidding platform.</p> |

| Para No /Brief Issue | Response |
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| <p>560 mu from Spectrum and 645 mu from Lanco, without any approval of the Commission. The Discoms have claimed that they have purchased 2820 mu from the market at a total cost of Rs.742 crore. However, the Discoms have failed to give details pertaining to the kind of procedure they followed for purchasing 2820 mu from the market, from which projects, per unit cost and quantum of power from different sources. It needs to be clarified by the Discoms whether additional purchases on such a higher scale were made by them without seeking prior consent of the Hon'ble Commission, both in terms of quantum and cap for tariffs to be paid, and the procedure to be adopted for such purchases to ensure competitive tariffs. Since the Discoms had not sought and got permission of the Hon'ble Commission for purchasing additional power from the market, maximum cap of tariff and the procedure to be adopted for competitive bidding for such purchases, it reflects "executive arrogance" of the powers-that-be who handled such purchases from Vidyuth Soudha. It is a negation of the directions given periodically by the Hon'ble Commission on additional power purchases to be made by the Discoms and reflects recklessness of the powers-that-be that they need not seek prior permission of the Commission for such purchases and their contempt for regulatory requirements and questionable approach that the Commission would or should give its consent to such purchases as and when they seek.</p> | <p>Another 1200 MU of energy has been procured through banking mechanism (SWAP) with power utilities of other states on returnable basis.</p> <p>The weighted average rate of procurement of power from the exchange is lesser than the approved per unit rate by the Hon'ble APERC.</p> |
| <p>4. The Discoms have maintained that they have incurred fixed cost more by Rs.1786 crore against Rs.4026 crore approved by the Commission. While the fixed cost paid to thermal stations of TS Genco was lesser by Rs.668 crore against Rs.845 crore approved by the Commission, the additional fixed cost paid to thermal stations of AP Genco was higher by Rs.822 crore against Rs.965 crore approved by the Commission. In other words, for not purchasing 5475 mu from TS Genco, the Discoms have not paid Rs.668 crore towards fixed cost, whereas for purchasing 3410 mu additionally from AP Genco (including APPDCL), the Discoms have paid Rs.1786 crore additionally. It confirms that compared to the quantum of power not purchased from TS Genco</p> | <p>Thermal Generating stations located in Telangana State are older units when compared to the stations located in Andhra Pradesh. This causes, per unit fixed cost of generating stations in TS at lower side when compared to its counterparts in AP. This is the reason behind payment of higher fixed costs by AP DISCOMs when "Regulation" of power came into force between AP & TS.</p> <p>During certain instances in the grid operations, Thermal Power Stations are backed down to accommodate Renewable Energy sources which have been conferred "Must Run" status. During the period of backing down, the thermal generating stations</p> |

| Para No /Brief Issue | Response |
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| <p>and the quantum of power purchased additionally from AP Genco, on an average the Discoms have paid higher fixed charges per unit to AP Genco. The reasons for the same need to be explained by the Discoms to examine whether such higher payments are justified or not. That apart, fixed cost being fixed in nature, it cannot increase for purchase of the quantum of power approved by the Commission. Therefore, the moot point is whether the Discoms backed down capacities of the stations of AP Genco and paid fixed charges therefor. If so, what were the quantum of power backed down by the Discoms and fixed charges paid therefor to AP Genco and other thermal stations, if any?</p> | <p>have to be compensated for fixed cost payment, if they confirm the availability, as per the provisions of the PPAs.</p> <p>The quantum of backing down & fixed charges paid to AP Genco stations for the above period are furnished in the enclosure.</p> |
| <p>5. The Discoms have shown that they could not sell a surplus of 1540 mu. At the same time, they have purchased 2625 mu more than what was approved by the Commission from the market. What are the reasons for the same? Did the Discoms back down thermal power in order to purchase high cost and must-run non-conventional energy to the tune of 9788 mu against 10316 mu approved by the Commission, exceeding their obligations under RPPO, and pay fixed charges therefor? If so, what are the costs per unit of NCE purchased and per unit cost of power from the thermal stations backed down, station-wise and unit-wise?</p> | <p>Prevailing price in the Short-Term market at the time of surplus availability with us is the criteria for selling power outside. If the prevailing price is lesser than the marginal variable cost of the generating station at that instant, its not commercially prudent to opt for sale of power.</p> <p>The DISCOMs have taken every possible step to sell the surplus power available at their disposal. Availability of surplus power on the basis of Time of the Day (Peak Load Hours, Day Time Power, Night Power etc) is important to fetch reasonable revenue. RE power has been purchased in accordance with the provisions of the approved PPAs and regulations governing grid operations. Per Unit Cost of the Thermal Power Backed down are furnished in the enclosure.</p> |
| <p>6. The Discoms have claimed that following fixed costs determined by the Commission for SDSTPS stage I (2x800 MW) on 2.3.2019, they have to pay Rs.946.66 crore additionally to the project. When the Commission fixed an interim tariff of Rs.3.63 per unit, with a fixed cost of Rs.1.02 per unit, and when actual energy availed from SDSTPS-1 was with a PLF of 56.72% only, and when the Discoms paid Rs.457.26 crore @ Rs.1.02 per unit for the year 2017-18, the fixed costs determined by the Commission for the station on 2.3.2019 cannot, and should not, be applied with retrospective. Therefore, we request the Hon'ble Commission not to approve payment of additional sum of Rs.946.66 the Discoms have claimed to have paid</p> | <p>It is to inform that short payment of fixed cost would take place, if the generator didn't achieve the target availability factor as specified in the relevant PPA.</p> <p>The matter of not allowing the fixed cost payments on retrospective basis to SDSTPS is within the purview of the Hon'ble APERC.</p> |

| Para No /Brief Issue | Response | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| to the said station under true-up. When fixed cost was approved by the Commission for availability at 80% PLF and when the station could achieve 56.72% PLF only, liquidated damages should be collected from SDSTPS-1 for generation and supply of power below threshold level. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. The Discoms have claimed that while the Commission approved Rs.3.01 per unit as the average variable cost for the year 2017-18, they have paid @ Rs.3.08 per unit. They have not explained the reasons for paying higher variable costs. The justification or otherwise for paying higher variable costs needs to be examined. | Ownership wise / Source wise variation in respect of the per unit variable cost is given in Table 15 of the petition. The increase in variable cost is due to increase in Basic price, Fuel Cost Adjustment (FCA) levied by the Coal / Gas companies and increased freight charges leveled by Railways and other transportation agencies. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8. The Discoms have claimed that other costs paid by them increased to Rs.961 crore from Rs.408 crore approved by the Commission. They have not explained what those other costs are and why a sum of Rs.553 crore was paid by them. The justification and permissibility for paying such a huge amount for unexplained other costs need to be examined. | Other Costs include expenditures incurred on account of Additional Interest on pension bonds, incentives paid if any and actual payment of Income Tax. These are the prudent expenditures made by the DISCOMs and submitted for admission in to the True-Up | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9. We request the Hon'ble Commission to determine the amounts taken over or to be taken over by GoAP from the debts of the Discoms for the year 2017-18 under UDAY and deduct the same from their true-up claims. In the subject petition, the Discoms have not given the details of taking over of their debt by GoAP under UDAY. | <p>As per Clause 1.29a) of the MoU, GoAP agreed to take over 75% of working capital term loan of Rs.8461.75 Crs. and 100% FRP bonds of Rs.2546.15 Crs. of the APDISCOMs outstanding as on 30th September, 2015. Accordingly GoAP issued G.O.Ms.No.27, Energy Infrastructure & Investment (Power-I) Department, dt.26-07-2016.</p> <table><tr><td></td><td colspan="3">Outstanding loans as on 30-09-2015</td></tr><tr><td>Capex Loans</td><td colspan="3">3712.49</td></tr><tr><td>Working capital Loans</td><td colspan="3">8461.76</td></tr><tr><td>FRP Bonds Liability</td><td colspan="3">2546.15</td></tr><tr><td>Total</td><td colspan="3">14720.40</td></tr></table> <p>Out of the total outstanding loans of Rs.14720.40 Crs. as on 30-09-2015, GoAP has accorded approval for takeover of 75% of working loans (Rs.6346.32 Crs.) and 100% of FRP bonds (Rs.2546.15 Crs.).</p> <table><tr><td></td><td>EPDCL</td><td>SPDCL</td><td>Total</td></tr><tr><td>Against 100% FRP Bonds</td><td>1205.95</td><td>1340.20</td><td>2546.15</td></tr><tr><td>Against 75% working capital loan</td><td>2094.53</td><td>4251.79</td><td>6346.32</td></tr><tr><td>Total</td><td>3300.48</td><td>5591.99</td><td>8892.47</td></tr></table> <p>As on date GoAP has taken over loans as given below:</p> | | Outstanding loans as on 30-09-2015 | | | Capex Loans | 3712.49 | | | Working capital Loans | 8461.76 | | | FRP Bonds Liability | 2546.15 | | | Total | 14720.40 | | | | EPDCL | SPDCL | Total | Against 100% FRP Bonds | 1205.95 | 1340.20 | 2546.15 | Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | Total | 3300.48 | 5591.99 | 8892.47 |
| | Outstanding loans as on 30-09-2015 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capex Loans | 3712.49 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Working capital Loans | 8461.76 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FRP Bonds Liability | 2546.15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 14720.40 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | EPDCL | SPDCL | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 100% FRP Bonds | 1205.95 | 1340.20 | 2546.15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 3300.48 | 5591.99 | 8892.47 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| Para No /Brief Issue | Response | | | |
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| | | EPDCL | SPDCL | Total |
| | Against 100% FRP Bonds | 904.46 | 1005.23 | 1909.69 |
| | Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 |
| | Total | 2998.99 | 5257.02 | 8256.01 |
| 10. We request the Hon'ble Commission to direct the Discoms to seek additional subsidy required for purchases made in market far exceeding the quantum permitted by the Commission and from other sources from GoAP, since they did not seek prior approval of the Commission for purchasing additional quantum, procedure to be adopted for real and transparent competitive bidding and cap on tariff. The powers-that-be should be brought round to scrupulously adhere to regulatory requirements of the Commission for purchasing power and additional power. | The DISCOMs are complying with the directions of the Hon'ble Commission in this regard. Market procurement has been carried out through exchange or swapping arrangement or DEEP E bidding portal. | | | |
| 11. Carrying cost claimed by the Discoms to the tune of Rs.660 crore under true-up is not permissible. We request the Hon'ble Commission to reject the claim for carrying cost. The Discoms have to submit their true-up claims in time and the consumers should not be penalised for delay caused by the Discoms in submitting the same. | For the reasons beyond the control of the DISCOMs, the True-Up claims have been submitted with a delay and carrying cost also has been claimed. The Hon'ble Commission is requested to condone the delay and approve the True-Up claim including carrying costs. | | | |
| 12. We request the Hon'ble Commission to provide us an opportunity to make further submissions in person during the public hearing after receiving responses of the Discoms to our above-mentioned submissions and studying and analysing the same. | Within the purview of Hon'ble APERC. | | | |

Yours faithfully,

Chief General Manager
RAC :: APSPDCL

Copy submitted to the Secretary, APERC, 11-4-660, 4th Floor, Singareni Bhavan, Red Hills, Lakdikapul, Hyderabad-04

Enclosure

102

AP DISCOMS Back Down Fixed Cost for FY 2017-2018

| Year | Source | Plant | Installed Capacity (MW) | Available energy (MU) | Backdown energy (MU) | Energy Purchased (MU) | Total FC (Rs Cr) | FC paid due to Back down (Rs Cr) | Per Unit Cost of Backdown Rs per unit |
|---------|------------------------------------------------------------|----------|-------------------------|-----------------------|----------------------|-----------------------|------------------|----------------------------------|---------------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) = (i)/(f)*10 |
| 2017-18 | AP GENCO -Thermal | | | | | | | | |
| | Dr.NTTPS Stage-I | Thermal | 1260.00 | 6605.91 | 447.04 | 6158.87 | 558.62 | 37.80 | 0.85 |
| | Dr.NTTPS Stage-II | | | | | | | | |
| | Dr.NTTPS Stage-III | | | | | | | | |
| | Dr.NTTPS Stage-IV | | 500.00 | 2659.72 | 187.71 | 2472.01 | 387.17 | 27.32 | 1.46 |
| | RTTP Stage-I | | 420.00 | 2590.91 | 447.59 | 2143.31 | 242.98 | 41.97 | 0.94 |
| | RTTP Stage-II | | 420.00 | 2755.84 | 466.70 | 2289.14 | 370.93 | 62.82 | 1.35 |
| | RTTP Stage-III | | 210.00 | 1102.38 | 170.96 | 931.42 | 227.22 | 35.24 | 2.06 |
| | RTTP Stage-IV | | 600.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Thermal Incentive for FY 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 1.17 | 0.00 | |
| | FCA for 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Total AP GENCO -Thermal | | 3410.00 | 15714.76 | 1720.01 | 13994.75 | 1788.10 | 205.15 | 1.19 |
| | Total TSGENCO -Thermal | Thermal | 2282.50 | 1492.89 | 0.00 | 1492.89 | 199.63 | 0.00 | |
| 2017-18 | APPDCL (Krishnapatnam) -Thermal | Thermal | | | | | | | |
| | SDSTPS-I | | 1600.00 | 5906.49 | 1423.54 | 4482.95 | 1403.90 | 338.36 | |
| | SDSTPS-II | | | | | | | | |
| | Total APPDCL (Krishnapatnam) -Thermal | | 1600.00 | 5906.49 | 1423.54 | 4482.95 | 1403.90 | 338.36 | 2.38 |
| 2017-18 | CGS - Thermal | | | | | | | | |
| | NTPC (SR) Ramagundam St.I&II | Thermal | 274.23 | 2109.43 | 354.11 | 1755.32 | 124.11 | 20.83 | 0.59 |
| | NTPC (SR) Simadri Stage 1 | | 461.10 | 3180.58 | 495.69 | 2684.89 | 442.97 | 69.04 | 1.39 |
| | NTPC (SR) Simadri Stage 2 | | 188.64 | 1435.91 | 421.26 | 1014.66 | 203.06 | 59.57 | 1.41 |
| 2017-18 | NTPC (SR) Talcheru St.II | Thermal | 175.32 | 1300.11 | 104.90 | 1195.21 | 81.28 | 6.56 | 0.63 |
| | NTPC (SR) Ramagundam St.III | | 68.92 | 558.13 | 44.15 | 473.97 | 31.43 | 4.74 | 0.56 |
| | NTECL Valluru Thermal Power | | 87.93 | 568.11 | 87.83 | 480.28 | 111.04 | 17.17 | 1.95 |
| | NLC -Stage - I | Lignite | 47.60 | 326.04 | 112.98 | 213.06 | 21.18 | 7.38 | 0.65 |
| | NLC -Stage - II | | 86.87 | 639.84 | 216.83 | 423.01 | 35.93 | 12.17 | 0.56 |
| | NPC (MAPS) | Atomic | 18.39 | 104.96 | 0.00 | 104.96 | | 0.00 | |
| | NPC (Kalga Unit-I, II & III) | | 116.22 | 915.84 | 0.00 | 915.84 | | 0.00 | |
| | NPC KUNDANKULAM (arrear Bill) | | | | | | | 0.00 | |
| | NLC Tamilnadu Power Ltd Stage.1 | Thermal | 123.15 | 813.50 | 230.01 | 603.48 | 143.80 | 39.68 | 1.73 |
| | NTPC Kudgi Stage-I (New Thermal Station) | | 143.04 | 654.66 | 390.30 | 274.36 | 71.30 | 41.42 | 1.09 |
| | Aravali Power Company Limited (IGSTPS) (Arrear Bill) | | | | | | 50.16 | 0.00 | |
| | Bundled Power under JNNM Ph- I & Ph-II | | 539.18 | 2632.42 | 0.03 | 2632.39 | | 0.00 | 0.00 |
| | Total CGS - Thermal | | 2330.59 | 15259.53 | 2488.10 | 12771.43 | 1316.26 | 278.56 | 1.12 |
| 2017-18 | IPP - Thermal (Hinduja, SEIL & KSK) | Thermal | | | | | | | |
| | Hinduja National Power Corp Ltd(HNPCL) | | 1040.00 | 4182.25 | 898.98 | 3283.78 | 0.00 | 0.00 | 0.00 |
| | Thermal Powertech Corporation India | | 230.55 | 1876.47 | 126.02 | 1750.45 | 309.84 | 20.81 | 1.65 |
| | KSK Mahanadi Power Co.Ltd., | | 400.00 | 2108.58 | 228.43 | 1880.14 | 260.99 | 28.27 | 1.24 |
| | Total IPP - Thermal (Hinduja, SEIL & KSK) | | 1670.55 | 8167.29 | 1253.43 | 6914.38 | 570.83 | 49.08 | 0.39 |
| | GENCO-Hydel | | | | | | | | |
| 2017-18 | Srisaillam-RBPH | Hydel | 770.00 | 558.92 | 0.00 | 558.92 | 168.89 | 0.00 | |
| | NSRCPH | Hydel | 90.00 | 56.54 | 0.00 | 56.54 | 17.74 | 0.00 | |
| | Upper Sileru | | 240.00 | 471.67 | 0.00 | 471.67 | 55.84 | 0.00 | |
| | Lower Sileru | | 460.00 | 1087.39 | 0.00 | 1087.39 | 107.03 | 0.00 | |
| | Donkarayil | | 25.00 | 118.17 | 0.00 | 118.17 | 5.82 | 0.00 | |
| | Pennaahobilam | | 20.00 | 3.68 | 0.00 | 3.68 | 10.44 | 0.00 | |
| | Mini Hydel (Chettipeta) | | 1.00 | 2.25 | 0.00 | 2.25 | 0.77 | 0.00 | |
| | Ramagiri Wind Mills | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | |
| | NSTPDC PH | | 50.00 | 30.07 | 0.00 | 30.07 | 22.11 | 0.00 | |
| | Machkund | | 84.00 | 233.83 | 0.00 | 233.83 | 25.35 | 0.00 | |
| | TB Dam | | 57.60 | 70.84 | 0.00 | 70.84 | 17.38 | 0.00 | |
| | NSTPHES 16-17 & 18-19 | | | 21.64 | 0.00 | 21.64 | 29.96 | 0.00 | |
| | Interest on Pension Bonds | | 0.00 | 0.00 | 0.00 | 0.00 | 684.11 | 0.00 | |
| | Income Tax for FY 16-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 3.06 | 0.00 | |
| | Suppl Callms for IPB 2014-15, 2015-16, 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 47.59 | 0.00 | |
| | Total GENCO-Hydel | | 1797.60 | 2655.01 | 0.00 | 2655.01 | 1196.09 | 0.00 | |
| 2017-18 | IPP- GAS (GGPP, GAS IPPS & APGPCL) | Gas | | | | | | | |
| | Godavari Gas Power Plant (Now Own Source previously GVK-I) | | 216.00 | 1057.69 | 26.57 | 1030.25 | 21.23 | 0.53 | 0.20 |
| | Spectrum Power | | 205.00 | 561.05 | 0.65 | 560.40 | 5.00 | 0.01 | 0.15 |
| | LANCO Kondapalli | | 361.92 | 645.08 | 0.04 | 645.05 | 64.30 | 0.00 | 1.00 |
| | SRIVATHSA POWER | | 17.20 | 53.44 | 0.00 | 53.44 | 3.17 | 0.00 | |
| | APGPCL -Stage-I | | 9.33 | 33.69 | 0.00 | 33.69 | 4.11 | 0.00 | |
| | APGPCL -Stage-II | | 24.96 | 113.32 | 0.00 | 113.32 | 7.38 | 0.00 | |
| | Total IPP- GAS (GGPP, GAS IPPS & APGPCL) | | 834.41 | 2464.27 | 27.26 | 2436.14 | 105.19 | 0.55 | 0.20 |
| 2017-18 | NRE - Solar | Solar | 4555.00 | | 0.00 | | 0.00 | 0.00 | |
| | NRE - Wind | Wind | 3931.00 | | 0.00 | | 0.00 | 0.00 | |
| | NRE - Others | bio-mass | 579.10 | | 0.00 | | 0.00 | 0.00 | |
| | Others (Including Swapping) | | | | 0.00 | | 0.00 | 0.00 | |
| | Total Others (Including Swapping) | | 9065.10 | 6.08 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Grand Total | | 22990.75 | 51660.23 | 6912.34 | 44747.55 | 6580.00 | 871.70 | 1.26 |



SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED
19-13-65/A, Vidyut Nilayam, Srinivasapuram, Tirupati (www.apspdcl.in)

From
The Chief General Manager,
RAC, APSPDCL, 19-13-65/A,
Vidyut Nilayam, Srinivasapuram,
Tirupati – 517501.

To
Sri A.Punna Rao,
59-2-1, 1st Lane,
Ashok Nagar,
Governorpet, Vijayawada-10

Lr No. CGM/RAC/SPDCL/TPT/RAC/F.True-up /D.No. 676/19 dt. 4-10-2019

Sir,

Sub:- APSPDCL/TPT – RAC – Replies to the objections on True-up filings for FY 2017-18
- Furnished - Regarding.

Ref:- Party's Objection received dt.06-09-2019

In response to the objection received vide reference cited, the replies to the objections on True-up filings for FY 2017-18 are as follows :

| Para No /Brief Issue | Response |
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| 1. APSPDCL and APEPDCL, being independent entities should have submitted their true-up applications separately. However, a common application is filed by both the Discoms for the year 2017-18, claiming revenue true-up of Rs.20 crore and expense true-up of Rs. 2576 crore, with a carrying cost of Rs.660 crore at an interest rate of 12% considering FY 2019-20 as the year of approval. While the revenue true-up of Rs.596 crore for EPDCL is shown as surplus, its total true-up claim is shown as Rs.434 crore, including a carrying cost of Rs.88 crore. Whereas, SPDCL has shown a total true-up claim of Rs.2823 crore, including a carrying cost of Rs.573 crore. Whatever be the true-up amounts that the Hon'ble Commission is going to permit, its impact on consumers should be confined to the respective true-up amounts of the Discom concerned. It should not be an average for the entire State. The benefit of true down for EPDCL should accrue to its consumers and the same should not be adjusted for true up of SPDCL. | <p>It is to inform that, in view of the uniform nature of Retail Supply Tariffs across the state independent of the service area of the distribution licensees, the DISCOMs are proposing to impose the burden of per unit True-Up also on uniform basis across the State.</p> <p>Further Power Purchase cost which constitutes around 80% of the entire expenditure of Distribution business is being incurred centrally to optimize the procurement cost and reduce the transaction costs. Even in the True-Up exercise, Power purchase cost variation is major element and so the DISCOMs have proposed for uniform levy of per unit True-up across the State.</p> |
| 2. While the Hon'ble Commission approved a total power purchase of 56,584 mu for the year 2017-18, the actual purchases claimed by the Discoms are 55,761 mu only, i.e., there is a lesser purchase of power by 822 mu. Despite that, against total power purchase cost of Rs.23,231 crore approved | Whenever there is a short supply of power from the plants which are governed by PPAs & Two part tariff structure (Capacity Charge & Energy Charge), owing to the issues of Plant availability (either due to outage or due to shortage of supply) capacity charges payable |

| Para No /Brief Issue | Response |
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| <p>by the Commission, the Discoms incurred an expenditure of Rs.25,806 crore for power purchase, i.e., higher by Rs.2,576 crore. They have shown additional payment of Rs.1,928 crore towards fixed cost and Rs.553 crore towards variable cost. The Discoms have claimed that supply of power is lesser vis a vis energy despatch approved by the Commission for the year 2017-18 by 2114 mu from APPDCL, by 5475 mu from TS Genco, by 499 mu from AP Genco hydel, by 528 mu from NCE, and by 1290 mu from IPPs and others. Did the Discoms claim and collect liquidated damages from the power stations concerned for lesser supply of power as per the terms and conditions in their respective PPAs, wherever applicable? While there is lesser supply of power to the tune of 712 mu from KSK Mahanadi, under 600 MW DBFOO, there is no supply at all against 1090 mu approved by the Commission. The Discoms have not explained the reasons for shortfall in generation and supply of power.</p> | <p>to such generators would be reduced proportionately as per the provisions of the PPA.</p> <p>Main reason for deficiency in supply is less availability declaration by the concerned Generator owing to shortage of Coal and the payment of capacity charges are made accordingly.</p> |
| <p>3. While supply of power from TS Genco is lesser by 5475 mu, additional purchase from AP Genco is 3410 mu only. Obviously, it is much lesser than what AP Genco should have supplied to TS Discoms. On earlier occasions, the Discoms claimed that they were purchasing power additionally from AP Genco, i.e., the share of TS Discoms in the power stations of AP Genco. Even while claiming that they have purchased 3040 mu from the market against 196 mu permitted by the Commission, the Discoms have failed to explain as to why they could not purchase the share of TS Discoms from the stations of AP Genco following "regulation of power from TSGENCO stations to AP Discoms from 11th June 2017 onwards." Following that "regulation," supply of power from stations of AP Genco also was "regulated" to TS Discoms, and, as such, additional power to the extent it was regulated must have been available from AP Genco to be purchased by AP Discoms. At the same time, the Discoms have claimed that they have purchased 1889 mu additionally from gas-based IPPs against 346 mu (from Reliance) approved by the Commission. While Reliance failed to supply the approved quantum of power, the Discoms have purchased 1030 mu from GVK, 560 mu from Spectrum and 645 mu from Lanco,</p> | <p>Following the mutual regulation of purchase/ supply of power between the entities of AP & TS from 11th June 2017 onwards, APDISCOMs have been procuring entire generation of APGENCO plants. Since percentage share of TS in the PPAs is more than that of AP to the extent of 8%, and installed capacity based on geographical location is more in AP, expected quantum of thermal power from AP Genco plants was more than that of the quantum available in pre-regulation period.</p> <p>As the expected availability from APGenco Stations did not materialize, the DISCOMs fell short of the required energy availability, and in order to ensure reliable & uninterrupted power supply, the DISCOMs have resorted to market purchases. Out of 2820 MU of market purchases, the DISCOMs have procured 1581 MU from Power Exchange (IEX), which operates on a transparent process of competitive bidding platform.</p> <p>Another 1200 MU of energy has been procured through banking mechanism</p> |

| Para No /Brief Issue | Response |
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| <p>without any approval of the Commission. The Discoms have claimed that they have purchased 2820 mu from the market at a total cost of Rs.742 crore. However, the Discoms have failed to give details pertaining to the kind of procedure they followed for purchasing 2820 mu from the market, from which projects, per unit cost and quantum of power from different sources. It needs to be clarified by the Discoms whether additional purchases on such a higher scale were made by them without seeking prior consent of the Hon'ble Commission, both in terms of quantum and cap for tariffs to be paid, and the procedure to be adopted for such purchases to ensure competitive tariffs. Since the Discoms had not sought and got permission of the Hon'ble Commission for purchasing additional power from the market, maximum cap of tariff and the procedure to be adopted for competitive bidding for such purchases, it reflects "executive arrogance" of the powers-that-be who handled such purchases from Vidyuth Soudha. It is a negation of the directions given periodically by the Hon'ble Commission on additional power purchases to be made by the Discoms and reflects recklessness of the powers-that-be that they need not seek prior permission of the Commission for such purchases and their contempt for regulatory requirements and questionable approach that the Commission would or should give its consent to such purchases as and when they seek.</p> | <p>(SWAP) with power utilities of other states on returnable basis.</p> <p>The weighted average rate of procurement of power from the exchange is lesser than the approved per unit rate by the Hon'ble APERC.</p> |
| <p>4. The Discoms have maintained that they have incurred fixed cost more by Rs.1786 crore against Rs.4026 crore approved by the Commission. While the fixed cost paid to thermal stations of TS Genco was lesser by Rs.668 crore against Rs.845 crore approved by the Commission, the additional fixed cost paid to thermal stations of AP Genco was higher by Rs.822 crore against Rs.965 crore approved by the Commission. In other words, for not purchasing 5475 mu from TS Genco, the Discoms have not paid Rs.668 crore towards fixed cost, whereas for purchasing 3410 mu additionally from AP Genco (including APPDCL), the Discoms have paid Rs.1786 crore additionally. It confirms that compared to the quantum of power not purchased from TS Genco and the quantum of power purchased</p> | <p>Thermal Generating stations located in Telangana State are older units when compared to the stations located in Andhra Pradesh. This causes, per unit fixed cost of generating stations in TS at lower side when compared to its counterparts in AP. This is the reason behind payment of higher fixed costs by AP DISCOMs when "Regulation" of power came into force between AP & TS.</p> <p>During certain instances in the grid operations, Thermal Power Stations are backed down to accommodate Renewable Energy sources which have been conferred "Must Run" status. During the period of backing down, the thermal generating stations have to be compensated for fixed cost</p> |

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| <p>additionally from AP Genco, on an average the Discoms have paid higher fixed charges per unit to AP Genco. The reasons for the same need to be explained by the Discoms to examine whether such higher payments are justified or not. That apart, fixed cost being fixed in nature, it cannot increase for purchase of the quantum of power approved by the Commission. Therefore, the moot point is whether the Discoms backed down capacities of the stations of AP Genco and paid fixed charges therefor. If so, what were the quantum of power backed down by the Discoms and fixed charges paid therefor to AP Genco and other thermal stations, if any?</p> | <p>payment, if they confirm the availability, as per the provisions of the PPAs.</p> <p>The quantum of backing down & fixed charges paid to AP Genco stations for the above period are furnished in the enclosure.</p> |
| <p>5. The Discoms have shown that they could not sell a surplus of 1540 mu. At the same time, they have purchased 2625 mu more than what was approved by the Commission from the market. What are the reasons for the same? Did the Discoms back down thermal power in order to purchase high cost and must-run non-conventional energy to the tune of 9788 mu against 10316 mu approved by the Commission, exceeding their obligations under RPP0, and pay fixed charges therefor? If so, what are the costs per unit of NCE purchased and per unit cost of power from the thermal stations backed down, station-wise and unit-wise?</p> | <p>Prevailing price in the Short-Term market at the time of surplus availability with us is the criteria for selling power outside. If the prevailing price is lesser than the marginal variable cost of the generating station at that instant, its not commercially prudent to opt for sale of power.</p> <p>The DISCOMs have taken every possible step to sell the surplus power available at their disposal. Availability of surplus power on the basis of Time of the Day (Peak Load Hours, Day Time Power, Night Power etc) is important to fetch reasonable revenue. RE power has been purchased in accordance with the provisions of the approved PPAs and regulations governing grid operations. Per Unit Cost of the Thermal Power Backed down are furnished in the enclosure.</p> |
| <p>6. The Discoms have claimed that following fixed costs determined by the Commission for SDSTPS stage I (2x800 MW) on 2.3.2019, they have to pay Rs.946.66 crore additionally to the project. When the Commission fixed an interim tariff of Rs.3.63 per unit, with a fixed cost of Rs.1.02 per unit, and when actual energy availed from SDSTPS-1 was with a PLF of 56.72% only, and when the Discoms paid Rs.457.26 crore @ Rs.1.02 per unit for the year 2017-18, the fixed costs determined by the Commission for the station on 2.3.2019 cannot, and should not, be applied with retrospective. Therefore, we request the Hon'ble Commission not to approve payment of additional sum of Rs.946.66 the Discoms have claimed to have paid to the said station under true-up. When fixed cost</p> | <p>It is to inform that short payment of fixed cost would take place, if the generator didn't achieve the target availability factor as specified in the relevant PPA.</p> <p>The matter of not allowing the fixed cost payments on retrospective basis to SDSTPS is within the purview of the Hon'ble APERC.</p> |

| Para No /Brief Issue | Response | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| was approved by the Commission for availability at 80% PLF and when the station could achieve 56.72% PLF only, liquidated damages should be collected from SDSTPS-1 for generation and supply of power below threshold level. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. The Discoms have claimed that while the Commission approved Rs.3.01 per unit as the average variable cost for the year 2017-18, they have paid @ Rs.3.08 per unit. They have not explained the reasons for paying higher variable costs. The justification or otherwise for paying higher variable costs needs to be examined. | Ownership wise / Source wise variation in respect of the per unit variable cost is given in Table 15 of the petition. The increase in variable cost is due to increase in Basic price, Fuel Cost Adjustment (FCA) levied by the Coal / Gas companies and increased freight charges leveled by Railways and other transportation agencies. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8. The Discoms have claimed that other costs paid by them increased to Rs.961 crore from Rs.408 crore approved by the Commission. They have not explained what those other costs are and why a sum of Rs.553 crore was paid by them. The justification and permissibility for paying such a huge amount for unexplained other costs need to be examined. | Other Costs include expenditures incurred on account of Additional Interest on pension bonds, incentives paid if any and actual payment of Income Tax. These are the prudent expenditures made by the DISCOMs and submitted for admission in to the True-Up | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9. We request the Hon'ble Commission to determine the amounts taken over or to be taken over by GoAP from the debts of the Discoms for the year 2017-18 under UDAY and deduct the same from their true-up claims. In the subject petition, the Discoms have not given the details of taking over of their debt by GoAP under UDAY. | <p>As per Clause 1.29a) of the MoU, GoAP agreed to take over 75% of working capital term loan of Rs.8461.75 Crs. and 100% FRP bonds of Rs.2546.15 Crs. of the APDISCOMs outstanding as on 30th September, 2015. Accordingly GoAP issued G.o.Ms.No.27, Energy Infrastructure & Investment (Power-I) Department, dt.26-07-2016.</p> <table><tr><th></th><th>Outstanding loans as on 30-09-2015</th></tr><tr><td>Capex Loans</td><td>3712.49</td></tr><tr><td>Working capital Loans</td><td>8461.76</td></tr><tr><td>FRP Bonds Liability</td><td>2546.15</td></tr><tr><td>Total</td><td>14720.40</td></tr></table> <p>Out of the total outstanding loans of Rs.14720.40 Crs. as on 30-09-2015, GoAP has accorded approval for takeover of 75% of working loans (Rs.6346.32 Crs.) and 100% of FRP bonds (Rs.2546.15 Crs.).</p> <table><tr><th></th><th>EPDCL</th><th>SPDCL</th><th>Total</th></tr><tr><td>Against 100% FRP Bonds</td><td>1205.95</td><td>1340.20</td><td>2546.15</td></tr><tr><td>Against 75% working capital loan</td><td>2094.53</td><td>4251.79</td><td>6346.32</td></tr><tr><td>Total</td><td>3300.48</td><td>5591.99</td><td>8892.47</td></tr></table> <p>As on date GoAP has taken over loans as given below:</p> <table><tr><th></th><th>EPDCL</th><th>SPDCL</th><th>Total</th></tr><tr><td></td><td></td><td></td><td></td></tr></table> | | Outstanding loans as on 30-09-2015 | Capex Loans | 3712.49 | Working capital Loans | 8461.76 | FRP Bonds Liability | 2546.15 | Total | 14720.40 | | EPDCL | SPDCL | Total | Against 100% FRP Bonds | 1205.95 | 1340.20 | 2546.15 | Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | Total | 3300.48 | 5591.99 | 8892.47 | | EPDCL | SPDCL | Total | | | | |
| | Outstanding loans as on 30-09-2015 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capex Loans | 3712.49 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Working capital Loans | 8461.76 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FRP Bonds Liability | 2546.15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 14720.40 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | EPDCL | SPDCL | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 100% FRP Bonds | 1205.95 | 1340.20 | 2546.15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 3300.48 | 5591.99 | 8892.47 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | EPDCL | SPDCL | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | | Against 100% FRP Bonds | 904.46 | 1005.23 | 1909.69 |
| | | Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 |
| | | Total | 2998.99 | 5257.02 | 8256.01 |
| 10. | We request the Hon'ble Commission to direct the Discoms to seek additional subsidy required for purchases made in market far exceeding the quantum permitted by the Commission and from other sources from GoAP, since they did not seek prior approval of the Commission for purchasing additional quantum, procedure to be adopted for real and transparent competitive bidding and cap on tariff. The powers-that-be should be brought round to scrupulously adhere to regulatory requirements of the Commission for purchasing power and additional power. | The DISCOMs are complying with the directions of the Hon'ble Commission in this regard. Market procurement has been carried out through exchange or swapping arrangement or DEEP E bidding portal. | | | |
| 11. | Carrying cost claimed by the Discoms to the tune of Rs.660 crore under true-up is not permissible. We request the Hon'ble Commission to reject the claim for carrying cost. The Discoms have to submit their true-up claims in time and the consumers should not be penalised for delay caused by the Discoms in submitting the same. | For the reasons beyond the control of the DISCOMs, the True-Up claims have been submitted with a delay and carrying cost also has been claimed. The Hon'ble Commission is requested to condone the delay and approve the True-Up claim including carrying costs. | | | |
| 12. | We request the Hon'ble Commission to provide us an opportunity to make further submissions in person during the public hearing after receiving responses of the Discoms to our above-mentioned submissions and studying and analysing the same. | Within the purview of Hon'ble APERC. | | | |

Yours faithfully,

Chief General Manager
RAC :: APSPDCL

Copy submitted to the Secretary, APERC, 11-4-660, 4th Floor, Singareni Bhavan, Red Hills, Lakdikapul, Hyderabad-04

Enclosure

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AP DISCOMS Back Down Fixed Cost for FY 2017-2018

| Year | Source | Plant | Installed Capacity (MW) | Available energy (MU) | Backdown energy (MU) | Energy Purchased (MU) | Total FC (Rs Cr) | FC paid due to Back down (Rs Cr) | Per Unit Cost of Backdown Rs per unit |
|---------|------------------------------------------------------------|----------|-------------------------|-----------------------|----------------------|-----------------------|------------------|----------------------------------|---------------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (i) = (f)/(g)*10 |
| 2017-18 | AP GENCO -Thermal | Thermal | | | | | | | |
| | Dr.NTTPS Stage-I | | | | | | | | |
| | Dr.NTTPS Stage-II | | 1260.00 | 6605.91 | 447.04 | 6158.87 | 558.62 | 37.80 | 0.85 |
| | Dr.NTTPS Stage-III | | | | | | | | |
| | Dr.NTTPS Stage-IV | | 500.00 | 2659.72 | 187.71 | 2472.01 | 387.17 | 27.32 | 1.46 |
| | RTPP Stage-I | | 420.00 | 2590.91 | 447.59 | 2143.31 | 242.98 | 41.97 | 0.94 |
| | RTPP Stage-II | | 420.00 | 2755.84 | 466.70 | 2289.14 | 370.93 | 62.82 | 1.35 |
| | RTPP Stage-III | | 210.00 | 1102.38 | 170.96 | 931.42 | 227.22 | 35.24 | 2.06 |
| | RTPP Stage-IV | | 600.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Thermal Incentive for FY 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 1.17 | 0.00 | |
| | FCA for 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Total AP GENCO -Thermal | | 3410.00 | 15714.76 | 1720.01 | 13994.75 | 1788.10 | 205.15 | 1.19 |
| 2017-18 | Total TSGENCO -Thermal | Thermal | 2282.50 | 1492.89 | 0.00 | 1492.89 | 199.63 | 0.00 | |
| | APPDCL (Krishnapatnam) -Thermal | Thermal | | | | | | | |
| | SDSTPS-I | | 1600.00 | 5906.49 | 1423.54 | 4482.95 | 1403.90 | 338.36 | |
| | SDSTPS-II | | | | | | | | |
| | Total APPDCL (Krishnapatnam) -Thermal | | 1600.00 | 5906.49 | 1423.54 | 4482.95 | 1403.90 | 338.36 | 2.38 |
| 2017-18 | CGS - Thermal | | | | | | | | |
| | NTPC (SR) Ramagundam St.I&II | Thermal | 274.23 | 2109.43 | 354.11 | 1755.32 | 124.11 | 20.83 | 0.59 |
| | NTPC (SR) Simadri Stage 1 | | 461.10 | 3180.58 | 495.69 | 2684.89 | 442.97 | 69.04 | 1.39 |
| | NTPC (SR) Simadri Stage 2 | | 188.64 | 1435.91 | 421.26 | 1014.66 | 203.06 | 59.57 | 1.41 |
| 2017-18 | NTPC (SR) Talcheru St.II | Thermal | 175.32 | 1300.11 | 104.90 | 1195.21 | 81.28 | 6.56 | 0.63 |
| | NTPC (SR) Ramagundam St.III | | 68.92 | 558.13 | 84.15 | 473.97 | 31.43 | 4.74 | 0.56 |
| | NTECL Valluru Thermal Power | | 87.93 | 568.11 | 87.83 | 480.28 | 111.04 | 17.17 | 1.95 |
| | NLC -Stage - I | Lignite | 47.60 | 326.04 | 112.98 | 213.06 | 21.18 | 7.38 | 0.65 |
| | NLC -Stage - II | | 86.87 | 639.84 | 216.83 | 423.01 | 35.93 | 12.17 | 0.56 |
| | NPC (MAPS) | Atomic | 18.39 | 104.96 | 0.00 | 104.96 | | 0.00 | |
| | NPC (Kaiga Unit-I,II & III) | | 116.22 | 915.84 | 0.00 | 915.84 | | 0.00 | |
| | NPC KUNDANKULAM (Arrear Bill) | Thermal | | | | | | | |
| | NLC Tamilnadu Power Ltd Stage.1 | | 123.15 | 833.50 | 230.01 | 603.48 | 143.80 | 39.68 | 1.73 |
| | NTPC Kudgi Stage-I (New Thermal Station) | | 143.04 | 654.66 | 380.30 | 274.36 | 71.30 | 41.42 | 1.09 |
| | Aravali Power Company Limited (IGSTPS) (Arrear Bill) | | | | | | 50.16 | 0.00 | |
| | Bundled Power under JNNSM Ph- I & Ph-II | | 539.18 | 2632.42 | 0.03 | 2632.39 | | 0.00 | 0.00 |
| | Total CGS - Thermal | | 2330.59 | 15259.53 | 2488.18 | 12771.43 | 1316.26 | 278.56 | 1.12 |
| 2017-18 | IAPP - Thermal (Hinduja, SEIL & KSK) | Thermal | | | | | | | |
| | Hinduja National Power Corp Ltd(HNPCL) | | 1040.00 | 4182.25 | 898.98 | 3283.78 | 0.00 | 0.00 | 0.00 |
| | Thermal Powertech Corporation India | | 230.55 | 1876.47 | 126.02 | 1750.45 | 309.84 | 20.81 | 1.65 |
| | KSK Mahanadi Power Co.Ltd., | | 400.00 | 2108.58 | 228.43 | 1880.14 | 260.99 | 28.27 | 1.24 |
| | Total IAPP - Thermal (Hinduja, SEIL & KSK) | | 1670.55 | 8167.29 | 1253.43 | 6914.38 | 570.83 | 49.08 | 0.39 |
| | GENCO-Hydel | | | | | | | | |
| 2017-18 | Srisaillam -RBPH | Hydel | 770.00 | 558.92 | 0.00 | 558.92 | 168.89 | 0.00 | |
| | NSRCPH | Hydel | 90.00 | 56.54 | 0.00 | 56.54 | 17.74 | 0.00 | |
| | Upper Sileru | | 240.00 | 471.67 | 0.00 | 471.67 | 55.84 | 0.00 | |
| | Lower Sileru | | 460.00 | 1067.39 | 0.00 | 1067.39 | 107.03 | 0.00 | |
| | Donkarayi | | 25.00 | 118.17 | 0.00 | 118.17 | 5.82 | 0.00 | |
| | Pennashoblam | | 20.00 | 3.68 | 0.00 | 3.68 | 10.44 | 0.00 | |
| | Mini Hydel (Chettipeta) | | 1.00 | 2.25 | 0.00 | 2.25 | 0.77 | 0.00 | |
| | Ramagiri Wind Mills | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | |
| | NSTPDC PH | | 50.00 | 30.07 | 0.00 | 30.07 | 22.11 | 0.00 | |
| | Machkund | | 84.00 | 233.83 | 0.00 | 233.83 | 25.35 | 0.00 | |
| | TB Dam | | 57.60 | 70.84 | 0.00 | 70.84 | 17.38 | 0.00 | |
| | NSTPHES 16-17 & 18-19 | | | 21.64 | 0.00 | 21.64 | 29.96 | 0.00 | |
| | Interest on Pension Bonds | | 0.00 | 0.00 | 0.00 | 0.00 | 684.11 | 0.00 | |
| | Income Tax for FY 16-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 3.06 | 0.00 | |
| | Suppl Callms for IPB 2014-15,2015-16,2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 47.59 | 0.00 | |
| | Total GENCO-Hydel | | 1797.60 | 2655.01 | 0.00 | 2655.01 | 1196.09 | 0.00 | |
| 2017-18 | IAPP- GAS (GGPP, GAS IPPS & APGPCL) | Gas | | | | | | | |
| | Godavari Gas Power Plant (Now Own Source previously GVK-I) | | 216.00 | 1057.69 | 26.57 | 1030.25 | 21.23 | 0.53 | 0.20 |
| | Spectrum Power | | 205.00 | 561.05 | 0.65 | 560.40 | 5.00 | 0.01 | 0.15 |
| | LANCO Kondapalli | | 361.92 | 645.08 | 0.04 | 645.05 | 64.30 | 0.00 | 1.00 |
| | SRIVATHSA POWER | | 17.20 | 53.44 | 0.00 | 53.44 | 3.17 | 0.00 | |
| | APGPCL -Stage-I | | 9.33 | 33.69 | 0.00 | 33.69 | 4.11 | 0.00 | |
| | APGPCL -Stage-II | | 24.96 | 113.32 | 0.00 | 113.32 | 7.38 | 0.00 | |
| | Total IAPP- GAS (GGPP, GAS IPPS & APGPCL) | | 834.41 | 2464.27 | 27.26 | 2436.14 | 105.19 | 0.55 | 0.20 |
| 2017-18 | NRE - Solar | Solar | 4555.00 | | 0.00 | | 0.00 | 0.00 | |
| | NRE - Wind | Wind | 3931.00 | | 0.00 | | 0.00 | 0.00 | |
| | NRE - Others | bio-mass | 579.10 | | 0.00 | | 0.00 | 0.00 | |
| | Others (Including Swapping) | | | | 0.00 | | 0.00 | 0.00 | |
| | Total Others (Including Swapping) | | 9065.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Grand Total | | 22990.75 | 51660.23 | 6912.34 | 44747.55 | 6580.00 | 871.70 | 1.26 |



SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED
19-13-65/A, Vidyut Nilayam, Srinivasapuram, Tirupati (www.apspdcl.in)

From

The Chief General Manager,
RAC, APSPDCL, 19-13-65/A,
Vidyut Nilayam, Srinivasapuram,
Tirupati – 517501.

To

Sri M.Venugopala Rao,
Senior Journalist and
Convener of Centre for Power Studies,
H.No.7-1-408 to 413, F 203,
Sri Sai Darsan Residency,
Balkampet Road, Ameerpet,
Hyderabad-16

Lr No. CGM/RAC/SPDCL/TPT/RAC/F.True-up /D.No. 459/19 dt. 04 -10-2019

Sir,
**Sub:- APSPDCL/TPT – RAC – Replies to the objections on True-up filings for FY 2017-18
- Furnished - Regarding.**

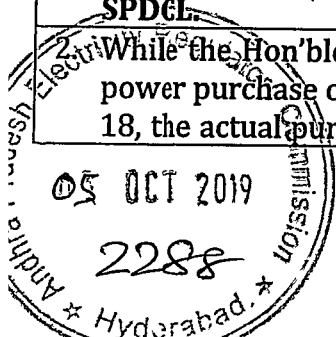
Ref:- Party's Objection received dt.06-09-2019

In response to the objection received vide reference cited, the replies to the objections on True-up filings for FY 2017-18 are as follows :

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| 1. APSPDCL and APEPDCL, being independent entities should have submitted their true-up applications separately. However, a common application is filed by both the Discoms for the year 2017-18, claiming revenue true-up of Rs.20 crore and expense true-up of Rs. 2576 crore, with a carrying cost of Rs.660 crore at an interest rate of 12% considering FY 2019-20 as the year of approval. While the revenue true-up of Rs.596 crore for EPDCL is shown as surplus, its total true-up claim is shown as Rs.434 crore, including a carrying cost of Rs.88 crore. Whereas, SPDCL has shown a total true-up claim of Rs.2823 crore, including a carrying cost of Rs.573 crore. Whatever be the true-up amounts that the Hon'ble Commission is going to permit, its impact on consumers should be confined to the respective true-up amounts of the Discom concerned. It should not be an average for the entire State. The benefit of true down for EPDCL should accrue to its consumers and the same should not be adjusted for true up of SPDCL. | <p>It is to inform that, in view of the uniform nature of Retail Supply Tariffs across the state independent of the service area of the distribution licensees, the DISCOMs are proposing to impose the burden of per unit True-Up also on uniform basis across the State.</p> <p>Further Power Purchase cost which constitutes around 80% of the entire expenditure of Distribution business is being incurred centrally to optimize the procurement cost and reduce the transaction costs. Even in the True-Up exercise, Power purchase cost variation is major element and so the DISCOMs have proposed for uniform levy of per unit True-up across the State.</p> |
| While the Hon'ble Commission approved a total power purchase of 56,584 mu for the year 2017-18, the actual purchases claimed by the Discoms | Whenever there is a short supply of power from the plants which are governed by PPAs & Two part tariff structure (Capacity Charge & |

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| <p>are 55,761 mu only, i.e., there is a lesser purchase of power by 822 mu. Despite that, against total power purchase cost of Rs.23,231 crore approved by the Commission, the Discoms incurred an expenditure of Rs.25,806 crore for power purchase, i.e., higher by Rs.2,576 crore. They have shown additional payment of Rs.1,928 crore towards fixed cost and Rs.553 crore towards variable cost. The Discoms have claimed that supply of power is lesser vis a vis energy despatch approved by the Commission for the year 2017-18 by 2114 mu from APPDCL, by 5475 mu from TS Genco, by 499 mu from AP Genco hydel, by 528 mu from NCE, and by 1290 mu from IPPs and others. Did the Discoms claim and collect liquidated damages from the power stations concerned for lesser supply of power as per the terms and conditions in their respective PPAs, wherever applicable? While there is lesser supply of power to the tune of 712 mu from KSK Mahanadi, under 600 MW DBFOO, there is no supply at all against 1090 mu approved by the Commission. The Discoms have not explained the reasons for shortfall in generation and supply of power.</p> | <p>Energy Charge), owing to the issues of Plant availability (either due to outage or due to shortage of supply) capacity charges payable to such generators would be reduced proportionately as per the provisions of the PPA.</p> <p>Main reason for deficiency in supply is less availability declaration by the concerned Generator owing to shortage of Coal and the payment of capacity charges are made accordingly.</p> |
| <p>3. While supply of power from TS Genco is lesser by 5475 mu, additional purchase from AP Genco is 3410 mu only. Obviously, it is much lesser than what AP Genco should have supplied to TS Discoms. On earlier occasions, the Discoms claimed that they were purchasing power additionally from AP Genco, i.e., the share of TS Discoms in the power stations of AP Genco. Even while claiming that they have purchased 3040 mu from the market against 196 mu permitted by the Commission, the Discoms have failed to explain as to why they could not purchase the share of TS Discoms from the stations of AP Genco following "regulation of power from TSGENCO stations to AP Discoms from 11th June 2017 onwards." Following that "regulation," supply of power from stations of AP Genco also was "regulated" to TS Discoms, and, as such, additional power to the extent it was regulated must have been available from AP Genco to be purchased by AP Discoms. At the same time, the Discoms have claimed that they have purchased 1889 mu additionally from gas-based IPPs against 346 mu (from Reliance) approved by the Commission. While Reliance</p> | <p>Following the mutual regulation of purchase/ supply of power between the entities of AP & TS from 11th June 2017 onwards, APDISCOMs have been procuring entire generation of APGENCO plants. Since percentage share of TS in the PPAs is more than that of AP to the extent of 8%, and installed capacity based on geographical location is more in AP, expected quantum of thermal power from AP Genco plants was more than that of the quantum available in pre-regulation period.</p> <p>As the expected availability from APGenco Stations did not materialize, the DISCOMs fell short of the required energy availability, and in order to ensure reliable & uninterrupted power supply, the DISCOMs have resorted to market purchases. Out of 2820 MU of market purchases, the DISCOMs have procured 1581 MU from Power Exchange (IEX), which operates on a transparent process of competitive bidding platform.</p> |

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| <p>failed to supply the approved quantum of power, the Discoms have purchased 1030 mu from GVK, 560 mu from Spectrum and 645 mu from Lanco, without any approval of the Commission. The Discoms have claimed that they have purchased 2820 mu from the market at a total cost of Rs.742 crore. However, the Discoms have failed to give details pertaining to the kind of procedure they followed for purchasing 2820 mu from the market, from which projects, per unit cost and quantum of power from different sources. It needs to be clarified by the Discoms whether additional purchases on such a higher scale were made by them without seeking prior consent of the Hon'ble Commission, both in terms of quantum and cap for tariffs to be paid, and the procedure to be adopted for such purchases to ensure competitive tariffs. Since the Discoms had not sought and got permission of the Hon'ble Commission for purchasing additional power from the market, maximum cap of tariff and the procedure to be adopted for competitive bidding for such purchases, it reflects "executive arrogance" of the powers-that-be who handled such purchases from Vidyuth Soudha. It is a negation of the directions given periodically by the Hon'ble Commission on additional power purchases to be made by the Discoms and reflects recklessness of the powers-that-be that they need not seek prior permission of the Commission for such purchases and their contempt for regulatory requirements and questionable approach that the Commission would or should give its consent to such purchases as and when they seek.</p> | <p>Another 1200 MU of energy has been procured through banking mechanism (SWAP) with power utilities of other states on returnable basis.</p> <p>The weighted average rate of procurement of power from the exchange is lesser than the approved per unit rate by the Hon'ble APERC.</p> |
| <p>4. The Discoms have maintained that they have incurred fixed cost more by Rs.1786 crore against Rs.4026 crore approved by the Commission. While the fixed cost paid to thermal stations of TS Genco was lesser by Rs.668 crore against Rs.845 crore approved by the Commission, the additional fixed cost paid to thermal stations of AP Genco was higher by Rs.822 crore against Rs.965 crore approved by the Commission. In other words, for not purchasing 5475 mu from TS Genco, the Discoms have not paid Rs.668 crore towards fixed cost, whereas for purchasing 3410 mu additionally from AP Genco (including APPDCL), the Discoms have paid Rs.1786 crore</p> | <p>Thermal Generating stations located in Telangana State are older units when compared to the stations located in Andhra Pradesh. This causes, per unit fixed cost of generating stations in TS at lower side when compared to its counterparts in AP. This is the reason behind payment of higher fixed costs by AP DISCOMs when "Regulation" of power came into force between AP & TS.</p> <p>During certain instances in the grid operations, Thermal Power Stations are backed down to accommodate Renewable Energy sources which have been conferred</p> |

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| <p>additionally. It confirms that compared to the quantum of power not purchased from TS Genco and the quantum of power purchased additionally from AP Genco, on an average the Discoms have paid higher fixed charges per unit to AP Genco. The reasons for the same need to be explained by the Discoms to examine whether such higher payments are justified or not. That apart, fixed cost being fixed in nature, it cannot increase for purchase of the quantum of power approved by the Commission. Therefore, the moot point is whether the Discoms backed down capacities of the stations of AP Genco and paid fixed charges therefor. If so, what were the quantum of power backed down by the Discoms and fixed charges paid therefor to AP Genco and other thermal stations, if any?</p> | | <p>"Must Run" status. During the period of backing down, the thermal generating stations have to be compensated for fixed cost payment, if they confirm the availability, as per the provisions of the PPAs.</p> <p>The quantum of backing down & fixed charges paid to AP Genco stations for the above period are furnished in the enclosure.</p> |
| <p>5. The Discoms have shown that they could not sell a surplus of 1540 mu. At the same time, they have purchased 2625 mu more than what was approved by the Commission from the market. What are the reasons for the same? Did the Discoms back down thermal power in order to purchase high cost and must-run non-conventional energy to the tune of 9788 mu against 10316 mu approved by the Commission, exceeding their obligations under RPPO, and pay fixed charges therefor? If so, what are the costs per unit of NCE purchased and per unit cost of power from the thermal stations backed down, station-wise and unit-wise?</p> | | <p>Prevailing price in the Short-Term market at the time of surplus availability with us is the criteria for selling power outside. If the prevailing price is lesser than the marginal variable cost of the generating station at that instant, its not commercially prudent to opt for sale of power.</p> <p>The DISCOMs have taken every possible step to sell the surplus power available at their disposal. Availability of surplus power on the basis of Time of the Day (Peak Load Hours, Day Time Power, Night Power etc) is important to fetch reasonable revenue. RE power has been purchased in accordance with the provisions of the approved PPAs and regulations governing grid operations. Per Unit Cost of the Thermal Power Backed down are furnished in the enclosure.</p> |
| <p>6. The Discoms have claimed that following fixed costs determined by the Commission for SDSTPS stage I (2x800 MW) on 2.3.2019, they have to pay Rs.946.66 crore additionally to the project. When the Commission fixed an interim tariff of Rs.3.63 per unit, with a fixed cost of Rs.1.02 per unit, and when actual energy availed from SDSTPS-1 was with a PLF of 56.72% only, and when the Discoms paid Rs.457.26 crore @ Rs.1.02 per unit for the year 2017-18, the fixed costs determined by the Commission for the station on 2.3.2019 cannot, and should not, be applied with retrospective. Therefore, we request the Hon'ble Commission</p> | | <p>It is to inform that short payment of fixed cost would take place, if the generator didn't achieve the target availability factor as specified in the relevant PPA.</p> <p>The matter of not allowing the fixed cost payments on retrospective basis to SDSTPS is within the purview of the Hon'ble APERC.</p> |

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| not to approve payment of additional sum of Rs.946.66 the Discoms have claimed to have paid to the said station under true-up. When fixed cost was approved by the Commission for availability at 80% PLF and when the station could achieve 56.72% PLF only, liquidated damages should be collected from SDSTPS-1 for generation and supply of power below threshold level. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. The Discoms have claimed that while the Commission approved Rs.3.01 per unit as the average variable cost for the year 2017-18, they have paid @ Rs.3.08 per unit. They have not explained the reasons for paying higher variable costs. The justification or otherwise for paying higher variable costs needs to be examined. | Ownership wise / Source wise variation in respect of the per unit variable cost is given in Table 15 of the petition. The increase in variable cost is due to increase in Basic price, Fuel Cost Adjustment (FCA) levied by the Coal / Gas companies and increased freight charges leveled by Railways and other transportation agencies. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8. The Discoms have claimed that other costs paid by them increased to Rs.961 crore from Rs.408 crore approved by the Commission. They have not explained what those other costs are and why a sum of Rs.553 crore was paid by them. The justification and permissibility for paying such a huge amount for unexplained other costs need to be examined. | Other Costs include expenditures incurred on account of Additional Interest on pension bonds, incentives paid if any and actual payment of Income Tax. These are the prudent expenditures made by the DISCOMs and submitted for admission in to the True-Up | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9. We request the Hon'ble Commission to determine the amounts taken over or to be taken over by GoAP from the debts of the Discoms for the year 2017-18 under UDAY and deduct the same from their true-up claims. In the subject petition, the Discoms have not given the details of taking over of their debt by GoAP under UDAY. | <p>As per Clause 1.29a) of the MoU, GoAP agreed to take over 75% of working capital term loan of Rs.8461.75 Crs. and 100% FRP bonds of Rs.2546.15 Crs. of the APDISCOMs outstanding as on 30th September, 2015. Accordingly GoAP issued G.o.Ms.No.27, Energy Infrastructure & Investment (Power-I) Department, dt.26-07-2016.</p> <table><tr><td></td><td>Outstanding loans as on 30-09-2015</td></tr><tr><td>Capex Loans</td><td>3712.49</td></tr><tr><td>Working capital Loans</td><td>8461.76</td></tr><tr><td>FRP Bonds Liability</td><td>2546.15</td></tr><tr><td>Total</td><td>14720.40</td></tr></table> <p>Out of the total outstanding loans of Rs.14720.40 Crs. as on 30-09-2015, GoAP has accorded approval for takeover of 75% of working loans (Rs.6346.32 Crs.) and 100% of FRP bonds (Rs.2546.15 Crs.).</p> <table><tr><td></td><td>EPDCL</td><td>SPDCL</td><td>Total</td></tr><tr><td>Against 100% FRP Bonds</td><td>1205.95</td><td>1340.20</td><td>2546.15</td></tr><tr><td>Against 75% working capital loan</td><td>2094.53</td><td>4251.79</td><td>6346.32</td></tr><tr><td>Total</td><td>3300.48</td><td>5591.99</td><td>8892.47</td></tr></table> | | Outstanding loans as on 30-09-2015 | Capex Loans | 3712.49 | Working capital Loans | 8461.76 | FRP Bonds Liability | 2546.15 | Total | 14720.40 | | EPDCL | SPDCL | Total | Against 100% FRP Bonds | 1205.95 | 1340.20 | 2546.15 | Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | Total | 3300.48 | 5591.99 | 8892.47 |
| | Outstanding loans as on 30-09-2015 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capex Loans | 3712.49 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Working capital Loans | 8461.76 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FRP Bonds Liability | 2546.15 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 14720.40 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | EPDCL | SPDCL | Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 100% FRP Bonds | 1205.95 | 1340.20 | 2546.15 | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 3300.48 | 5591.99 | 8892.47 | | | | | | | | | | | | | | | | | | | | | | | | |

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| | | <p>As on date GoAP has taken over loans as given below:</p> <table><tr><th></th><th>EPDCL</th><th>SPDCL</th><th>Total</th></tr><tr><td>Against 100% FRP Bonds</td><td>904.46</td><td>1005.23</td><td>1909.69</td></tr><tr><td>Against 75% working capital loan</td><td>2094.53</td><td>4251.79</td><td>6346.32</td></tr><tr><td>Total</td><td>2998.99</td><td>5257.02</td><td>8256.01</td></tr></table> | | EPDCL | SPDCL | Total | Against 100% FRP Bonds | 904.46 | 1005.23 | 1909.69 | Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | Total | 2998.99 | 5257.02 | 8256.01 |
| | EPDCL | SPDCL | Total | | | | | | | | | | | | | | | |
| Against 100% FRP Bonds | 904.46 | 1005.23 | 1909.69 | | | | | | | | | | | | | | | |
| Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | | | | | | | | | | | | | | | |
| Total | 2998.99 | 5257.02 | 8256.01 | | | | | | | | | | | | | | | |
| 10. We request the Hon'ble Commission to direct the Discoms to seek additional subsidy required for purchases made in market far exceeding the quantum permitted by the Commission and from other sources from GoAP, since they did not seek prior approval of the Commission for purchasing additional quantum, procedure to be adopted for real and transparent competitive bidding and cap on tariff. The powers-that-be should be brought round to scrupulously adhere to regulatory requirements of the Commission for purchasing power and additional power. | | The DISCOMs are complying with the directions of the Hon'ble Commission in this regard. Market procurement has been carried out through exchange or swapping arrangement or DEEP E bidding portal. | | | | | | | | | | | | | | | | |
| 11. Carrying cost claimed by the Discoms to the tune of Rs.660 crore under true-up is not permissible. We request the Hon'ble Commission to reject the claim for carrying cost. The Discoms have to submit their true-up claims in time and the consumers should not be penalised for delay caused by the Discoms in submitting the same. | | For the reasons beyond the control of the DISCOMs, the True-Up claims have been submitted with a delay and carrying cost also has been claimed. The Hon'ble Commission is requested to condone the delay and approve the True-Up claim including carrying costs. | | | | | | | | | | | | | | | | |
| 12. We request the Hon'ble Commission to provide us an opportunity to make further submissions in person during the public hearing after receiving responses of the Discoms to our above-mentioned submissions and studying and analysing the same. | | Within the purview of Hon'ble APERC. | | | | | | | | | | | | | | | | |

Yours faithfully,


Chief General Manager
RAG :: APSPDCL

Enclosure

AP DISCOMS Back Down Fixed Cost for FY 2017-2018

| Year | Source | Plant | Installed Capacity (MW) | Available energy (MU) | Backdown energy (MU) | Energy Purchased (MU) | Total FC (Rs Cr) | FC paid due to Back down (Rs Cr) | Per Unit Cost of Backdown Rs per unit |
|---------|------------------------------------------------------------|----------|-------------------------|-----------------------|----------------------|-----------------------|------------------|----------------------------------|---------------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) = (i)/(f)*10 |
| 2017-18 | AP GENCO -Thermal | | | | | | | | |
| | Dr.NTPPS Stage-I | | | | | | | | |
| | Dr.NTPPS Stage-II | | 1260.00 | 6605.91 | 447.04 | 6158.87 | 558.62 | 37.80 | 0.85 |
| | Dr.NTPPS Stage-III | | | | | | | | |
| | Dr.NTPPS Stage-IV | | 500.00 | 2659.72 | 187.71 | 2472.01 | 387.17 | 27.32 | 1.46 |
| | RTPP Stage-I | | 420.00 | 2590.91 | 447.59 | 2143.31 | 242.98 | 41.97 | 0.94 |
| | RTPP Stage-II | | 420.00 | 2755.84 | 466.70 | 2289.14 | 370.93 | 62.82 | 1.35 |
| | RTPP Stage-III | | 210.00 | 1102.38 | 170.96 | 931.42 | 227.22 | 35.24 | 2.06 |
| | RTPP Stage-IV | | 600.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Thermal Incentive for FY 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 1.17 | 0.00 | |
| 2017-18 | FCA for 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Total AP GENCO -Thermal | | 3410.00 | 15714.76 | 1720.01 | 13994.75 | 1788.10 | 205.15 | 1.19 |
| | Total TSGENCO -Thermal | Thermal | 2282.50 | 1492.89 | 0.00 | 1492.89 | 199.63 | 0.00 | |
| | APPDCL (Krishnapatnam) -Thermal | | | | | | | | |
| | SDSTPS-I | | | | | | | | |
| | SDSTPS-II | | 1600.00 | 5906.49 | 1423.54 | 4482.95 | 1403.90 | 338.36 | |
| | Total APPDCL (Krishnapatnam) -Thermal | | 1600.00 | 5906.49 | 1423.54 | 4482.95 | 1403.90 | 338.36 | 2.38 |
| | CGS - Thermal | | | | | | | | |
| | NTPC (SR) Ramagundam St.I&II | | 274.23 | 2109.43 | 354.11 | 1755.32 | 124.11 | 20.83 | 0.59 |
| | NTPC (SR) Simadri Stage 1 | | 461.10 | 3180.58 | 495.69 | 2684.89 | 442.97 | 69.04 | 1.39 |
| 2017-18 | NTPC (SR) Simadri Stage 2 | | 188.64 | 1435.91 | 421.26 | 1014.66 | 203.06 | 59.57 | 1.41 |
| | NTPC (SR) Talcheru St.II | | 175.32 | 1300.11 | 104.90 | 1195.21 | 81.28 | 6.56 | 0.63 |
| | NTPC (SR) Ramagundam St.III | | 68.92 | 558.13 | 84.15 | 473.97 | 31.43 | 4.74 | 0.56 |
| | NTECL Valluru Thermal Power | | 87.93 | 568.11 | 87.83 | 480.28 | 111.04 | 17.17 | 1.95 |
| | NLC -Stage - I | | 47.60 | 326.04 | 112.98 | 213.06 | 21.18 | 7.38 | 0.65 |
| | NLC -Stage - II | | 86.87 | 639.84 | 216.83 | 423.01 | 35.93 | 12.17 | 0.56 |
| | NPC (MAPS) | | 18.39 | 104.96 | 0.00 | 104.96 | | 0.00 | |
| | NPC (Kaiga Unit-I,II & III) | | 116.22 | 915.84 | 0.00 | 915.84 | | 0.00 | |
| | NPC KUNDANKULAM (Arrear Bill) | | | | | | | 0.00 | |
| | NLC Tamilnadu Power Ltd Stage.1 | | 123.15 | 833.50 | 230.01 | 603.48 | 143.80 | 39.68 | 1.73 |
| 2017-18 | NTPC Kudgi Stage-I (New Thermal Station) | | 143.04 | 654.66 | 380.30 | 274.36 | 71.30 | 41.42 | 1.09 |
| | Aravali Power Company Limited (IGSTPS) (Arrear Bill) | | | | | | 50.16 | 0.00 | |
| | Bundled Power under JNNSM Ph- I & Ph-II | | 539.18 | 2632.42 | 0.03 | 2632.39 | | 0.00 | 0.00 |
| | Total CGS - Thermal | | 2330.59 | 15259.53 | 2488.10 | 12771.43 | 1316.26 | 278.56 | 1.12 |
| | IPP - Thermal (Hinduja, SEIL & KSK) | | | | | | | | |
| | Hinduja National Power Corp Ltd(HNPCL) | | 1040.00 | 4182.25 | 898.98 | 3283.78 | 0.00 | 0.00 | 0.00 |
| | Thermal Powertech Corporation India | | 230.55 | 1876.47 | 126.02 | 1750.45 | 309.84 | 20.81 | 1.65 |
| | KSK Mahanadi Power Co.Ltd., | | 400.00 | 2108.58 | 228.43 | 1880.14 | 260.99 | 28.27 | 1.24 |
| | Total IPP - Thermal (Hinduja, SEIL & KSK) | | 1670.55 | 8167.29 | 1253.43 | 6914.38 | 570.83 | 49.08 | 0.39 |
| | GENCO-Hydel | | | | | | | | |
| 2017-18 | Srisaillam-RBPH | Hydel | 770.00 | 558.92 | 0.00 | 558.92 | 168.89 | 0.00 | |
| | NSRCPH | | 90.00 | 56.54 | 0.00 | 56.54 | 17.74 | 0.00 | |
| | Upper Sileru | | 240.00 | 471.67 | 0.00 | 471.67 | 55.84 | 0.00 | |
| | Lower Sileru | | 450.00 | 1087.39 | 0.00 | 1087.39 | 107.03 | 0.00 | |
| | Donkarayi | | 25.00 | 118.17 | 0.00 | 118.17 | 5.82 | 0.00 | |
| | Pennaahobilam | | 20.00 | 3.68 | 0.00 | 3.68 | 10.44 | 0.00 | |
| | Mini Hydel (Chettipeta) | | 1.00 | 2.25 | 0.00 | 2.25 | 0.77 | 0.00 | |
| | Ramagiri Wind Mills | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | NSTPDC PH | | 50.00 | 30.07 | 0.00 | 30.07 | 22.11 | 0.00 | |
| | Machkund | | 84.00 | 233.83 | 0.00 | 233.83 | 25.35 | 0.00 | |
| 2017-18 | TB Dam | | 57.60 | 70.84 | 0.00 | 70.84 | 17.38 | 0.00 | |
| | NSTPHES 16-17 & 18-19 | | | 21.64 | 0.00 | 21.64 | 29.96 | 0.00 | |
| | Interest on Pension Bonds | | 0.00 | 0.00 | 0.00 | 0.00 | 684.11 | 0.00 | |
| | Income Tax for FY 16-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 3.06 | 0.00 | |
| | Suppl Callms for IPB 2014-15,2015-16,2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 47.59 | 0.00 | |
| | Total GENCO-Hydel | | 1797.60 | 2655.01 | 0.00 | 2655.01 | 1196.09 | 0.00 | |
| | IPP- GAS (GGPP, GAS IPPS & APGPCL) | | | | | | | | |
| | Godavari Gas Power Plant (Now Own Source previously GVK-I) | | 216.00 | 1057.69 | 26.57 | 1030.25 | 21.23 | 0.53 | 0.20 |
| | Spectrum Power | | 205.00 | 561.05 | 0.65 | 560.40 | 5.00 | 0.01 | 0.15 |
| | LANCO Kondapalli | | 361.92 | 645.08 | 0.04 | 645.05 | 64.30 | 0.00 | 1.00 |
| 2017-18 | SRIVATHSA POWER | | 17.20 | 53.44 | 0.00 | 53.44 | 3.17 | 0.00 | |
| | APGPCL -Stage-I | | 9.33 | 33.69 | 0.00 | 33.69 | 4.11 | 0.00 | |
| | APGPCL -Stage-II | | 24.96 | 113.32 | 0.00 | 113.32 | 7.38 | 0.00 | |
| | Total IPP- GAS (GGPP, GAS IPPS & APGPCL) | | 834.41 | 2464.27 | 27.26 | 2436.14 | 105.19 | 0.55 | 0.20 |
| | NRE - Solar | Solar | 4555.00 | | 0.00 | | | 0.00 | |
| | NRE - Wind | Wind | 3931.00 | | 0.00 | | | 0.00 | |
| | NRE - Others | bio-mass | 579.10 | | 0.00 | | | 0.00 | |
| | Others (Including Swapping) | | | | 0.00 | | | 0.00 | |
| | Total Others (Including Swapping) | | 9065.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Grand Total | | 22990.75 | 51660.23 | 6912.34 | 44747.55 | 6580.00 | 871.70 | 1.26 |



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SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED
19-13-65/A, Vidyut Nilayam, Srinivasapuram, Tirupati (www.apspdcl.in)

From

The Chief General Manager,
RAC, APSPDCL, 19-13-65/A,
Vidyut Nilayam, Srinivasapuram,
Tirupati – 517501.

To

Sri B.Tulasidas,
S4- Devi Towers,
Sambamurthy Road,
Vijayawada-03.

Lr No. CGM/RAC/SPDCL/TPT/RAC/F.True-up /D.No. 474 /19 dt. 07-10-2019

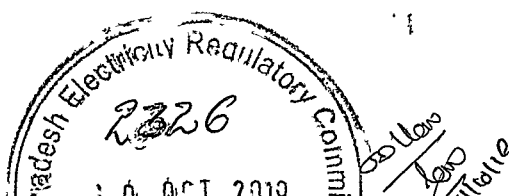
Sir,

Sub:- APSPDCL/TPT – RAC – Replies to the objections on True-up filings for FY 2017-18
- Furnished - Regarding.

Ref:- Party's Objection received dt.06-09-2019

In response to the objection received vide reference cited, the replies to the objections on True-up filings for FY 2017-18 are as follows:

| Para No /Brief Issue | Response |
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| 1. APSPDCL and APEPDCL, being independent entities should have submitted their true-up applications separately. However, a common application is filed by both the Discoms for the year 2017-18, claiming revenue true-up of Rs.20 crore and expense true-up of Rs. 2576 crore, with a carrying cost of Rs.660 crore at an interest rate of 12% considering FY 2019-20 as the year of approval. While the revenue true-up of Rs.596 crore for EPDCL is shown as surplus, its total true-up claim is shown as Rs.434 crore, including a carrying cost of Rs.88 crore. Whereas, SPDCL has shown a total true-up claim of Rs.2823 crore, including a carrying cost of Rs.573 crore. Whatever be the true-up amounts that the Hon'ble Commission is going to permit, its impact on consumers should be confined to the respective true-up amounts of the Discom concerned. It should not be an average for the entire State. The benefit of true down for EPDCL should accrue to its consumers and the same should not be adjusted for true up of SPDCL. | <p>It is to inform that, in view of the uniform nature of Retail Supply Tariffs across the state independent of the service area of the distribution licensees, the DISCOMs are proposing to impose the burden of per unit True-Up also on uniform basis across the State.</p> <p>Further Power Purchase cost which constitutes around 80% of the entire expenditure of Distribution business is being incurred centrally to optimize the procurement cost and reduce the transaction costs. Even in the True-Up exercise, Power purchase cost variation is major element and so the DISCOMs have proposed for uniform levy of per unit True-up across the State.</p> |
| 2. While the Hon'ble Commission approved a total power purchase of 56,584 mu for the year 2017-18, the actual purchases claimed by the Discoms are 55,761 mu only, i.e., there is a lesser purchase of power by 822 mu. Despite that, against total power purchase cost of Rs.23,231 crore approved | Whenever there is a short supply of power from the plants which are governed by PPAs & Two part tariff structure (Capacity Charge & Energy Charge), owing to the issues of Plant availability (either due to outage or due to shortage of supply) capacity charges payable |



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| <p>by the Commission, the Discoms incurred an expenditure of Rs.25,806 crore for power purchase, i.e., higher by Rs.2,576 crore. They have shown additional payment of Rs.1,928 crore towards fixed cost and Rs.553 crore towards variable cost. The Discoms have claimed that supply of power is lesser vis a vis energy despatch approved by the Commission for the year 2017-18 by 2114 mu from APPDCL, by 5475 mu from TS Genco, by 499 mu from AP Genco hydel, by 528 mu from NCE, and by 1290 mu from IPPs and others. Did the Discoms claim and collect liquidated damages from the power stations concerned for lesser supply of power as per the terms and conditions in their respective PPAs, wherever applicable? While there is lesser supply of power to the tune of 712 mu from KSK Mahanadi, under 600 MW DBFOO, there is no supply at all against 1090 mu approved by the Commission. The Discoms have not explained the reasons for shortfall in generation and supply of power.</p> | <p>to such generators would be reduced proportionately as per the provisions of the PPA.</p> <p>Main reason for deficiency in supply is less availability declaration by the concerned Generator owing to shortage of Coal and the payment of capacity charges are made accordingly.</p> |
| <p>3. While supply of power from TS Genco is lesser by 5475 mu, additional purchase from AP Genco is 3410 mu only. Obviously, it is much lesser than what AP Genco should have supplied to TS Discoms. On earlier occasions, the Discoms claimed that they were purchasing power additionally from AP Genco, i.e., the share of TS Discoms in the power stations of AP Genco. Even while claiming that they have purchased 3040 mu from the market against 196 mu permitted by the Commission, the Discoms have failed to explain as to why they could not purchase the share of TS Discoms from the stations of AP Genco following "regulation of power from TSGENCO stations to AP Discoms from 11th June 2017 onwards." Following that "regulation," supply of power from stations of AP Genco also was "regulated" to TS Discoms, and, as such, additional power to the extent it was regulated must have been available from AP Genco to be purchased by AP Discoms. At the same time, the Discoms have claimed that they have purchased 1889 mu additionally from gas-based IPPs against 346 mu (from Reliance) approved by the Commission. While Reliance failed to supply the approved quantum of power, the Discoms have purchased 1030 mu from GVK, 560 mu from Spectrum and 645 mu from Lanco,</p> | <p>Following the mutual regulation of purchase/supply of power between the entities of AP & TS from 11th June 2017 onwards, APDISCOMs have been procuring entire generation of APGENCO plants. Since percentage share of TS in the PPAs is more than that of AP to the extent of 8%, and installed capacity based on geographical location is more in AP, expected quantum of thermal power from AP Genco plants was more than that of the quantum available in pre-regulation period.</p> <p>As the expected availability from APGenco Stations did not materialize, the DISCOMs fell short of the required energy availability, and in order to ensure reliable & uninterrupted power supply, the DISCOMs have resorted to market purchases. Out of 2820 MU of market purchases, the DISCOMs have procured 1581 MU from Power Exchange (IEX), which operates on a transparent process of competitive bidding platform.</p> <p>Another 1200 MU of energy has been procured through banking mechanism</p> |

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| <p>without any approval of the Commission. The Discoms have claimed that they have purchased 2820 mu from the market at a total cost of Rs.742 crore. However, the Discoms have failed to give details pertaining to the kind of procedure they followed for purchasing 2820 mu from the market, from which projects, per unit cost and quantum of power from different sources. It needs to be clarified by the Discoms whether additional purchases on such a higher scale were made by them without seeking prior consent of the Hon'ble Commission, both in terms of quantum and cap for tariffs to be paid, and the procedure to be adopted for such purchases to ensure competitive tariffs. Since the Discoms had not sought and got permission of the Hon'ble Commission for purchasing additional power from the market, maximum cap of tariff and the procedure to be adopted for competitive bidding for such purchases, it reflects "executive arrogance" of the powers-that-be who handled such purchases from Vidyuth Soudha. It is a negation of the directions given periodically by the Hon'ble Commission on additional power purchases to be made by the Discoms and reflects recklessness of the powers-that-be that they need not seek prior permission of the Commission for such purchases and their contempt for regulatory requirements and questionable approach that the Commission would or should give its consent to such purchases as and when they seek.</p> | <p>(SWAP) with power utilities of other states on returnable basis.</p> <p>The weighted average rate of procurement of power from the exchange is lesser than the approved per unit rate by the Hon'ble APERC.</p> |
| <p>4. The Discoms have maintained that they have incurred fixed cost more by Rs.1786 crore against Rs.4026 crore approved by the Commission. While the fixed cost paid to thermal stations of TS Genco was lesser by Rs.668 crore against Rs.845 crore approved by the Commission, the additional fixed cost paid to thermal stations of AP Genco was higher by Rs.822 crore against Rs.965 crore approved by the Commission. In other words, for not purchasing 5475 mu from TS Genco, the Discoms have not paid Rs.668 crore towards fixed cost, whereas for purchasing 3410 mu additionally from AP Genco (including APPDCL), the Discoms have paid Rs.1786 crore additionally. It confirms that compared to the quantum of power not purchased from TS Genco and the quantum of power purchased</p> | <p>Thermal Generating stations located in Telangana State are older units when compared to the stations located in Andhra Pradesh. This causes, per unit fixed cost of generating stations in TS at lower side when compared to its counterparts in AP. This is the reason behind payment of higher fixed costs by AP DISCOMs when "Regulation" of power came into force between AP & TS.</p> <p>During certain instances in the grid operations, Thermal Power Stations are backed down to accommodate Renewable Energy sources which have been conferred "Must Run" status. During the period of backing down, the thermal generating stations have to be compensated for fixed cost</p> |

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| <p>additionally from AP Genco, on an average the Discoms have paid higher fixed charges per unit to AP Genco. The reasons for the same need to be explained by the Discoms to examine whether such higher payments are justified or not. That apart, fixed cost being fixed in nature, it cannot increase for purchase of the quantum of power approved by the Commission. Therefore, the moot point is whether the Discoms backed down capacities of the stations of AP Genco and paid fixed charges therefor. If so, what were the quantum of power backed down by the Discoms and fixed charges paid therefor to AP Genco and other thermal stations, if any?</p> | <p>payment, if they confirm the availability, as per the provisions of the PPAs.</p> <p>The quantum of backing down & fixed charges paid to AP Genco stations for the above period are furnished in the enclosure.</p> |
| <p>5. The Discoms have shown that they could not sell a surplus of 1540 mu. At the same time, they have purchased 2625 mu more than what was approved by the Commission from the market. What are the reasons for the same? Did the Discoms back down thermal power in order to purchase high cost and must-run non-conventional energy to the tune of 9788 mu against 10316 mu approved by the Commission, exceeding their obligations under RPP0, and pay fixed charges therefor? If so, what are the costs per unit of NCE purchased and per unit cost of power from the thermal stations backed down, station-wise and unit-wise?</p> | <p>Prevailing price in the Short-Term market at the time of surplus availability with us is the criteria for selling power outside. If the prevailing price is lesser than the marginal variable cost of the generating station at that instant, its not commercially prudent to opt for sale of power.</p> <p>The DISCOMs have taken every possible step to sell the surplus power available at their disposal. Availability of surplus power on the basis of Time of the Day (Peak Load Hours, Day Time Power, Night Power etc) is important to fetch reasonable revenue. RE power has been purchased in accordance with the provisions of the approved PPAs and regulations governing grid operations. Per Unit Cost of the Thermal Power Backed down are furnished in the enclosure.</p> |
| <p>6. The Discoms have claimed that following fixed costs determined by the Commission for SDSTPS stage I (2x800 MW) on 2.3.2019, they have to pay Rs.946.66 crore additionally to the project. When the Commission fixed an interim tariff of Rs.3.63 per unit, with a fixed cost of Rs.1.02 per unit, and when actual energy availed from SDSTPS-1 was with a PLF of 56.72% only, and when the Discoms paid Rs.457.26 crore @ Rs.1.02 per unit for the year 2017-18, the fixed costs determined by the Commission for the station on 2.3.2019 cannot, and should not, be applied with retrospective. Therefore, we request the Hon'ble Commission not to approve payment of additional sum of Rs.946.66 the Discoms have claimed to have paid to the said station under true-up. When fixed cost</p> | <p>It is to inform that short payment of fixed cost would take place, if the generator didn't achieve the target availability factor as specified in the relevant PPA.</p> <p>The matter of not allowing the fixed cost payments on retrospective basis to SDSTPS is within the purview of the Hon'ble APERC.</p> |

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| was approved by the Commission for availability at 80% PLF and when the station could achieve 56.72% PLF only, liquidated damages should be collected from SDSTPS-1 for generation and supply of power below threshold level. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. The Discoms have claimed that while the Commission approved Rs.3.01 per unit as the average variable cost for the year 2017-18, they have paid @ Rs.3.08 per unit. They have not explained the reasons for paying higher variable costs. The justification or otherwise for paying higher variable costs needs to be examined. | Ownership wise / Source wise variation in respect of the per unit variable cost is given in Table 15 of the petition. The increase in variable cost is due to increase in Basic price, Fuel Cost Adjustment (FCA) levied by the Coal / Gas companies and increased freight charges leveled by Railways and other transportation agencies. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8. The Discoms have claimed that other costs paid by them increased to Rs.961 crore from Rs.408 crore approved by the Commission. They have not explained what those other costs are and why a sum of Rs.553 crore was paid by them. The justification and permissibility for paying such a huge amount for unexplained other costs need to be examined. | Other Costs include expenditures incurred on account of Additional Interest on pension bonds, incentives paid if any and actual payment of Income Tax. These are the prudent expenditures made by the DISCOMs and submitted for admission in to the True-Up | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9. We request the Hon'ble Commission to determine the amounts taken over or to be taken over by GoAP from the debts of the Discoms for the year 2017-18 under UDAY and deduct the same from their true-up claims. In the subject petition, the Discoms have not given the details of taking over of their debt by GoAP under UDAY. | As per Clause 1.29a) of the MoU, GoAP agreed to take over 75% of working capital term loan of Rs.8461.75 Crs. and 100% FRP bonds of Rs.2546.15 Crs. of the APDISCOMs outstanding as on 30 th September, 2015. Accordingly GoAP issued G.o.Ms.No.27, Energy Infrastructure & Investment (Power-I) Department, dt.26-07-2016. <table><tr><td></td><td colspan="3">Outstanding loans as on 30-09-2015</td></tr><tr><td>Capex Loans</td><td colspan="3">3712.49</td></tr><tr><td>Working capital Loans</td><td colspan="3">8461.76</td></tr><tr><td>FRP Bonds Liability</td><td colspan="3">2546.15</td></tr><tr><td>Total</td><td colspan="3">14720.40</td></tr></table> Out of the total outstanding loans of Rs.14720.40 Crs. as on 30-09-2015, GoAP has accorded approval for takeover of 75% of working loans (Rs.6346.32 Crs.) and 100% of FRP bonds (Rs.2546.15 Crs.). <table><tr><td></td><td>EPDCL</td><td>SPDCL</td><td>Total</td></tr><tr><td>Against 100% FRP Bonds</td><td>1205.95</td><td>1340.20</td><td>2546.15</td></tr><tr><td>Against 75% working capital loan</td><td>2094.53</td><td>4251.79</td><td>6346.32</td></tr><tr><td>Total</td><td>3300.48</td><td>5591.99</td><td>8892.47</td></tr></table> As on date GoAP has taken over loans as given below: <table><tr><td></td><td>EPDCL</td><td>SPDCL</td><td>Total</td></tr></table> | | Outstanding loans as on 30-09-2015 | | | Capex Loans | 3712.49 | | | Working capital Loans | 8461.76 | | | FRP Bonds Liability | 2546.15 | | | Total | 14720.40 | | | | EPDCL | SPDCL | Total | Against 100% FRP Bonds | 1205.95 | 1340.20 | 2546.15 | Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | Total | 3300.48 | 5591.99 | 8892.47 | | EPDCL | SPDCL | Total |
| | Outstanding loans as on 30-09-2015 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capex Loans | 3712.49 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Working capital Loans | 8461.76 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FRP Bonds Liability | 2546.15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 14720.40 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | EPDCL | SPDCL | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 100% FRP Bonds | 1205.95 | 1340.20 | 2546.15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 3300.48 | 5591.99 | 8892.47 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | EPDCL | SPDCL | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| | | Against 100% FRP Bonds | 904.46 | 1005.23 | 1909.69 |
| | | Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 |
| | | Total | 2998.99 | 5257.02 | 8256.01 |
| 10. We request the Hon'ble Commission to direct the Discoms to seek additional subsidy required for purchases made in market far exceeding the quantum permitted by the Commission and from other sources from GoAP, since they did not seek prior approval of the Commission for purchasing additional quantum, procedure to be adopted for real and transparent competitive bidding and cap on tariff. The powers-that-be should be brought round to scrupulously adhere to regulatory requirements of the Commission for purchasing power and additional power. | | The DISCOMs are complying with the directions of the Hon'ble Commission in this regard. Market procurement has been carried out through exchange or swapping arrangement or DEEP E bidding portal. | | | |
| 11. Carrying cost claimed by the Discoms to the tune of Rs.660 crore under true-up is not permissible. We request the Hon'ble Commission to reject the claim for carrying cost. The Discoms have to submit their true-up claims in time and the consumers should not be penalised for delay caused by the Discoms in submitting the same. | | For the reasons beyond the control of the DISCOMs, the True-Up claims have been submitted with a delay and carrying cost also has been claimed. The Hon'ble Commission is requested to condone the delay and approve the True-Up claim including carrying costs. | | | |
| 12. We request the Hon'ble Commission to provide us an opportunity to make further submissions in person during the public hearing after receiving responses of the Discoms to our above-mentioned submissions and studying and analysing the same. | | Within the purview of Hon'ble APERC. | | | |

Yours faithfully,

Chief General Manager
RAC :: APSPDCL

✓ Copy submitted to the Secretary, APERC, 11-4-660, 4th Floor, Singareni Bhavan, Red Hills, Lakdikapul, Hyderabad-04

Enclosure

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AP DISCOMS Back Down Fixed Cost for FY 2017-2018

| Year | Source | Plant | Installed Capacity (MW) | Available energy (MU) | Backdown energy (MU) | Energy Purchased (MU) | Total FC (Rs Cr) | FC paid due to Back down (Rs Cr) | Per Unit Cost of Backdown Rs per unit |
|---------|------------------------------------------------------------|----------|-------------------------|-----------------------|----------------------|-----------------------|------------------|----------------------------------|---------------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) = (i)/(f)*10 |
| 2017-18 | AP GENCO - Thermal | Thermal | | | | | | | |
| | Dr.NITPS Stage-I | | | | | | | | |
| | Dr.NITPS Stage-II | | | | | | | | |
| | Dr.NITPS Stage-III | | | | | | | | |
| | Dr.NITPS Stage-IV | | 1260.00 | 6605.91 | 447.04 | 6158.87 | 558.62 | 37.80 | 0.85 |
| | RTPP Stage-I | | 500.00 | 2659.72 | 187.71 | 2472.01 | 387.17 | 27.32 | 1.46 |
| | RTPP Stage-II | | 420.00 | 2590.91 | 447.59 | 2143.31 | 242.98 | 41.97 | 0.94 |
| | RTPP Stage-III | | 420.00 | 2755.84 | 466.70 | 2289.14 | 370.93 | 62.82 | 1.35 |
| | RTPP Stage-IV | | 210.00 | 1102.38 | 170.96 | 931.42 | 227.22 | 35.24 | 2.06 |
| | Thermal Incentive for FY 2016-17 | | 600.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | FCA for 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Total AP GENCO - Thermal | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 2017-18 | Total TSGENCO - Thermal | Thermal | 3410.00 | 15714.76 | 1720.01 | 13994.75 | 1788.10 | 205.15 | 1.19 |
| | APPDCL (Krishnapatnam) - Thermal | Thermal | 2282.50 | 1492.89 | 0.00 | 1492.89 | 199.63 | 0.00 | |
| | SDSTPS-I | Thermal | | | | | | | |
| | SDSTPS-II | | 1600.00 | 5906.49 | 1423.54 | 4482.95 | 1403.90 | 338.36 | |
| 2017-18 | Total APPDCL (Krishnapatnam) - Thermal | | 1600.00 | 5906.49 | 1423.54 | 4482.95 | 1403.90 | 338.36 | |
| | CGS - Thermal | | | | | | | | |
| | NTPC (SR) Ramagundam St.I&II | Thermal | | | | | | | |
| | NTPC (SR) Simadri Stage 1 | | 274.23 | 2109.43 | 354.11 | 1755.32 | 124.11 | 20.83 | 0.59 |
| 2017-18 | NTPC (SR) Simadri Stage 2 | Thermal | 461.10 | 3180.58 | 495.69 | 2684.89 | 442.97 | 69.04 | 1.39 |
| | NTPC (SR) Talcheru St.II | | 183.64 | 1435.91 | 421.26 | 1014.66 | 203.06 | 59.57 | 1.41 |
| | NTPC (SR) Ramagundam St.III | Thermal | 175.32 | 1300.11 | 104.90 | 1195.21 | 81.28 | 6.56 | 0.63 |
| | NTECL Valluru Thermal Power | | 68.92 | 558.13 | 84.15 | 473.97 | 31.43 | 4.74 | 0.56 |
| | NLC - Stage - I | Ugnite | 87.93 | 568.11 | 87.83 | 480.28 | 111.04 | 17.17 | 1.95 |
| | NLC - Stage - II | | 47.60 | 326.04 | 112.98 | 213.06 | 21.18 | 7.38 | 0.65 |
| | NPC (MAPS) | Atomic | 86.87 | 639.84 | 216.83 | 423.01 | 35.93 | 12.17 | 0.56 |
| | NPC (Kaiga Unit-I, II & III) | | 18.39 | 104.96 | 0.00 | 104.96 | 0.00 | 0.00 | |
| | NPC KUNDANKULAM (arrears Bill) | Thermal | 116.22 | 915.84 | 0.00 | 915.84 | 0.00 | 0.00 | |
| | NLC Tamilnadu Power Ltd Stage.1 | | | | | | | | |
| | NTPC Kudgi Stage-I (New Thermal Station) | Thermal | 123.15 | 833.50 | 230.01 | 603.48 | 143.80 | 39.68 | 1.73 |
| | Aravali Power Company Limited (IGSTPS) (Arrears Bill) | | 143.04 | 654.66 | 380.30 | 274.36 | 71.30 | 41.42 | 1.09 |
| | Bundled Power under JNNSM Ph- I & Ph-II | | | | | | 50.16 | 0.00 | |
| | Total CGS - Thermal | | 539.18 | 2632.42 | 0.03 | 2632.39 | 0.00 | 0.00 | |
| 2017-18 | IPP - Thermal (Hinduja, SEIL & KSK) | | 2330.59 | 15259.53 | 2488.10 | 12771.43 | 1316.26 | 278.56 | 1.12 |
| | Hinduja National Power Corp Ltd (HNPC) | Thermal | | | | | | | |
| | Thermal Powertech Corporation India | | 1040.00 | 4182.25 | 898.98 | 3283.78 | 0.00 | 0.00 | 0.00 |
| | KSK Mahanadi Power Co.Ltd., | Thermal | 230.55 | 1876.47 | 126.02 | 1750.45 | 309.84 | 20.81 | 1.65 |
| | Total IPP - Thermal (Hinduja, SEIL & KSK) | | 400.00 | 2108.58 | 228.43 | 1880.14 | 260.99 | 28.27 | 1.24 |
| | GENCO-Hydel | | 1670.55 | 8167.29 | 1253.43 | 6914.38 | 570.83 | 49.08 | 0.39 |
| 2017-18 | Srisaillam - RBPH | Hydel | | | | | | | |
| | NSRCPH | | 770.00 | 558.92 | 0.00 | 558.92 | 168.89 | 0.00 | |
| | Upper Sileru | | 90.00 | 56.54 | 0.00 | 56.54 | 17.74 | 0.00 | |
| | Lower Sileru | | 240.00 | 471.67 | 0.00 | 471.67 | 55.84 | 0.00 | |
| | Donkarayi | | 460.00 | 1087.39 | 0.00 | 1087.39 | 107.03 | 0.00 | |
| | Pennaahobilam | | 25.00 | 118.17 | 0.00 | 118.17 | 5.82 | 0.00 | |
| | Mini Hydel (Chettipeta) | | 20.00 | 3.68 | 0.00 | 3.68 | 10.44 | 0.00 | |
| | Ramagiri Wind Mills | | 1.00 | 2.25 | 0.00 | 2.25 | 0.77 | 0.00 | |
| | NSTPDC PH | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Machkund | | 50.00 | 30.07 | 0.00 | 30.07 | 22.11 | 0.00 | |
| | TB Dam | | 84.00 | 233.83 | 0.00 | 233.83 | 25.35 | 0.00 | |
| | NSTPHES 16-17 & 18-19 | | 57.60 | 70.84 | 0.00 | 70.84 | 17.38 | 0.00 | |
| | Interest on Pension Bonds | | | 21.64 | 0.00 | 21.64 | 29.96 | 0.00 | |
| | Income Tax for FY 16-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 684.11 | 0.00 | |
| | Suppl Calls for IPB 2014-15, 2015-16, 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 3.06 | 0.00 | |
| | Total GENCO-Hydel | | 0.00 | 0.00 | 0.00 | 0.00 | 47.59 | 0.00 | |
| 2017-18 | IPP- GAS (GGPP, GAS IPPS & APGPCL) | | 1797.60 | 2655.01 | 0.00 | 2655.01 | 1196.09 | 0.00 | |
| | Godavari Gas Power Plant (Now Own Source previously GVK-I) | Gas | | | | | | | |
| | Spectrum Power | | 216.00 | 1057.69 | 26.57 | 1030.25 | 21.23 | 0.53 | 0.20 |
| | LANCO Kondapalli | | 205.00 | 561.05 | 0.65 | 560.40 | 5.00 | 0.01 | 0.15 |
| | SRIVATHSA POWER | | 361.92 | 645.08 | 0.04 | 645.05 | 64.30 | 0.00 | 1.00 |
| | APGPCL - Stage-I | | 17.20 | 53.44 | 0.00 | 53.44 | 3.17 | 0.00 | |
| | APGPCL - Stage-II | | 9.33 | 33.69 | 0.00 | 33.69 | 4.11 | 0.00 | |
| | Total IPP- GAS (GGPP, GAS IPPS & APGPCL) | | 24.96 | 113.32 | 0.00 | 113.32 | 7.38 | 0.00 | |
| 2017-18 | NRE - Solar | Solar | 834.41 | 2464.27 | 27.26 | 2436.14 | 105.19 | 0.55 | 0.20 |
| | NRE - Wind | Wind | 4555.00 | | 0.00 | | 0.00 | 0.00 | |
| | NRE - Others | bio-mass | 3931.00 | | 0.00 | | 0.00 | 0.00 | |
| | Others (Including Swapping) | | 579.10 | | 0.00 | | 0.00 | 0.00 | |
| | Total Others (Including Swapping) | | | | 0.00 | | 0.00 | 0.00 | |
| | Grand Total | | 9065.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | | | 22990.75 | 51660.23 | 6912.34 | 44747.55 | 6580.00 | 871.70 | 1.26 |

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SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED
CORPORATE OFFICE :: TIRUPATI

From
The Chief General Manager ,
RAC, APSPDCL,
19-13-65/A, Vidyut Nilayam,
Srinivasapuram,
Tirupati-517501.

To
Sri M.Thimma Reddy,
Convenor, Peoples's Monitoring
Group of Electricity Regulation
139, Kakatiya Nagar,
Hyderabad - 500 008

| | |
|------------|----------------------|
| Admn. | For Perusal |
| Engg. | Secretary <i>lsm</i> |
| Law | Member / PRM |
| Public Aff | Member / PR |
| | Chairman |

Lr.No. CGM/RAC/APSPDCL/TPT/GM/RAC/FT/True-Up/D.No. 547 /19, dt. 16 -11-2019

Sir,

Sub: APSPDCL – RAC – Replies to the Objections received on True-up petition for Retail Supply Business filed by APDISCOMS for FY 2017-18 - Regarding.

Ref: Your Objection letter dated. 21-08-2019, received on 05-10-2019

With reference to above receipt of your suggestion/ objections on True-up petition filed by APDISCOMS on Retails Supply Business for FY2017-18 and the same is herewith acknowledged. The Para wise replies of APSPDCL are furnished in the enclosed statement.

Encl: As above

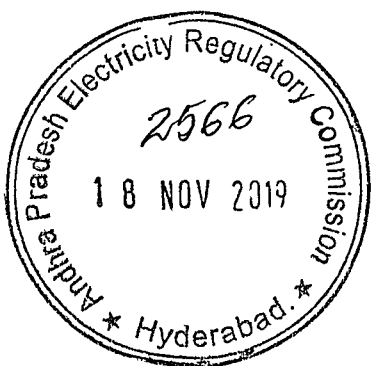
Yours faithfully

[Signature] 16/11/19
Chief General Manager
RAC

Copy submitted to
The Secretary, APERC, 4TH Floor, 11-4-660, Singareni Bhavan, Red Hills, Hyderabad-500004.

Ro

lsm
19/11/19



True-Up 2017-18
Replies to the Objections raised by Sri M.Thimma Reddy.

| Para No /Brief Issue | APSPDCL Response |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. APDISCOMs have filed a joint petition for determination of the True up for the Retail Supply Business for FY 2017-18. Below we submit our comments on the same for the consideration of the Commission. | -- |
| 2. While the quantum of power procured decreased from 56,584 MU as allowed in the Commission's Tariff Order for FY 2017-18 to 56,024 MU. the power purchase cost increased from Rs. 21,490.80 crore as allowed in the said Tariff Order to Rs. 25,917 Crore. That is, while power procured declined by 560 MU power purchase cost increased by Rs. 4,427 Crore. In other words, power procured declined by one percent and power purchase cost increased by 20.60 percent. Average power purchase cost increased from Rs. 3.80 per unit as allowed in the Tariff Order to Rs. 4.62 per unit as claimed by the DISCOMs in their filings, signifying an increase of 21.58% in average power purchase cost. | -- |
| 3. APDISCOMs in their filings (Table 17) claimed that the Commission approved power purchase cost of Rs. 23,231 Crore for FY 2017-18 while in the Tariff Order the Commission allowed Rs. 21,490.79 Crore towards the same (p.215). Similarly, while the Commission allowed Rs. 29.66 Crore towards incentives/other costs APDISCOMs claimed that the Commission approved Rs. 408 Crore towards the same. This needs to be clarified/verified. | APDISCOMs have included the approved transmission charges of Rs.1739.73 Crs. (Transmission cost, SLDC cost, PGCIL expenses & ULDC Charges) under the head of power purchase cost in order to compute the power purchase cost variation at the boundary of the DISCOMs in order to arrive at filed approved power purchase cost of Rs.23230.52 Crs. The DISCOMs have included pension liabilities of Rs.378.22 Crs. in addition to incentives of Rs.29.66 Crs. under the head of other costs in order to arrive at filed other cost of Rs.408 Crs. |
| 4. While the Commission allowed APDISCOMs to procure 56,584 MU during FY 2017-18 APDISCOMs in fact procured 57,565 MU. It was nearly 1,000 MU higher than the quantum allowed by the Commission. APDISCOMs disposed of 1,540 MU in the open market as power consumption in the state during the year was only 56,025 MU. This raises doubts over procurement of power over and above the limit set by the Commission. Any additional expenditure incurred in procuring surplus power shall not be allowed. | -- |
| 5. While the Commission allowed procurement of 195.67 MU through market at an average cost of Rs. 4.08 per unit APDISCOMs procured 3,040 MU from the market (Table 1) Table 11 of APDISCOMs submission provides details regarding 2,820 MU only. There is no explanation about the remaining 220 MU. | 219.34 MU is UI (Unscheduled Interchange) |

| Para No /Brief Issue | APSPDCL Response | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| <p>6. APDISCOMs' submission in Table 15 shows that while surplus power was sold at Rs. 4.20 per unit power from market was procured at Rs. 2.76 per unit which was much less than Rs. 4.08 per unit allowed by the Commission. This gives the impression that they have procured power from the market at a very low price and sold it in the open market at higher price leading to profit for the DISCOMs on this count. But a closer examination of the submission shows that the DISCOMs in fact procured power from market at higher price. Details regarding market procurement are provided in Table 11 of the filings. Out of 2,820 MU 1,208 MU were through swapping. Actual market purchases were 1,611 MU and their details are provided in the following table:</p> <table><tr><th>Source</th><th>MU</th><th>Cost (Rs in Cr)</th><th>Per Unit cost (Rs)</th></tr><tr><td>Indian Energy Exchange (Including STOA charges)</td><td>1,581</td><td>647</td><td>4.09</td></tr><tr><td>Steel exchange</td><td>7</td><td>3</td><td>4.26</td></tr><tr><td>Sarda Metal</td><td>15</td><td>6</td><td>4.00</td></tr><tr><td>Manikaran Power Limited (Including STOA charges)</td><td>3</td><td>11</td><td>36.67</td></tr><tr><td>Knowledge Infrastructure</td><td>5</td><td>1</td><td>2.00</td></tr><tr><td>Total</td><td>1,611</td><td>668</td><td>4.51</td></tr></table> <p>From the above table it is clear that APDISCOMs procured power from open market at higher price than that allowed by the Commission. Additional expenditure resulting from this high cost power purchases shall not be allowed.</p> | Source | MU | Cost (Rs in Cr) | Per Unit cost (Rs) | Indian Energy Exchange (Including STOA charges) | 1,581 | 647 | 4.09 | Steel exchange | 7 | 3 | 4.26 | Sarda Metal | 15 | 6 | 4.00 | Manikaran Power Limited (Including STOA charges) | 3 | 11 | 36.67 | Knowledge Infrastructure | 5 | 1 | 2.00 | Total | 1,611 | 668 | 4.51 | <p>The objector has erroneously taken cost of power procurement (Rs Crs) from Manikaran Power Limited as 11 instead of 1 for 3 MU. Table 11 of the filings may please be perused again. AP DISCOMs have procured power from the market at cheaper rates only.</p> |
| Source | MU | Cost (Rs in Cr) | Per Unit cost (Rs) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Indian Energy Exchange (Including STOA charges) | 1,581 | 647 | 4.09 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Steel exchange | 7 | 3 | 4.26 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sarda Metal | 15 | 6 | 4.00 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Manikaran Power Limited (Including STOA charges) | 3 | 11 | 36.67 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Knowledge Infrastructure | 5 | 1 | 2.00 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 1,611 | 668 | 4.51 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>7. According to APDISCOMs' filings power purchase cost from market sources includes short-term open access (STOA) charges to the extent of Rs. 152 Crore. STOA shall not be paid as TRANSCO is already paid for the quantum of energy to be transmitted during the financial year and the actual power transmitted according to the DISCOMs' present filing is less than that allowed by the Commission in the Tariff Order. In the past the Commission disallowed STOA from FSA. In the Order dated 20-09-2012 in the matter of determination of Fuel Surcharge Adjustment (FSA) for Fourth Quarter of FY-2011-12 the Commission held as follows, "Regarding the contention that the levy of short-term open access (STOA) charges by APTRANSCO on DISCOMs for the use of network, amounts to double charging for the same network and results in unjust enrichment of APTRANSCO at the cost of consumers, the Commission has examined this issue and proposes to disallow the cost of STOA while computing the FSA since the charges of STOA is not part of power purchase cost as per Tariff Order."(Para 25, page 19). Following the above we request the Commission not to allow STOA as claimed by the APDISCOMs.</p> | <p>As per the existing CERC Regulations, STU transmission charges are also being collected on all Short Term Open Access (STOA) transactions involving short term procurement of power by the DISCOMs from other states / exchange. This expenditure is actually being incurred by the DISCOMs. Whether it is adding up to the revenue of AP Transco over and above its regulated income or the treatment of the same is under the purview of the Hon'ble APERC. Since the DISCOMs are actually incurring this, it is claimed as a true up item.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>8.1 In the Tariff Order the Commission allowed Rs. 2,663.88 Crore towards procurement of 6,597 MU of power from SDSTPS/APPDCL at the rate of Rs. 4.04 per unit. In the true-up filings DISCOMs claimed Rs. 2,574 Crore (Rs. 1,170 Crore towards variable capital and Rs. 1,404 Crore towards fixed capital) towards power procurement from SDSTPS/APPDCL. As the quantum of power procured from this</p> | <p>DISCOMs have considered the power purchase costs of SDSTPS as per Hon'ble Commission order in O.P.No. 47 of 2017 & I.A.No. 28 of 2017; Dated. 02-03-2019</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Para No /Brief Issue | | APSPDCL Response |
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| plant declined to 4,483 MU per unit cost increased to Rs.5.74 signifying an increase of 43 percent in power purchase cost from this unit. | | |
| 8.2 As SDSTPS achieved only 56.72% of PLF compared to normative threshold PLF of 80% penalty/disincentive shall be collected from it for its underperformance. | | Payment of fixed charges is always subjected to the actual availability of the plant and accordingly plants showing lesser availability are disincentivized by reduction in the fixed charges proportionately. |
| 8.3. Unit variable cost of SDSTPS (Rs. 2.61) is less than that of APGENCO units (Rs.3.27). But while power procured from SDSTPS is much lower than the projected quantity in the case of APGENCO units it is much higher. Generation of power above threshold PLF at SDSTPS would also have helped to bring down unit fixed cost. Reasons for lower power generation at SDSTPS need to be explained | | Even if variable cost of SDTPS is lesser, the DISCOMs could not procure upto the approved quantum in view of scarcity of fuel. |
| 9.1 APDISCOMs did not provide any explanation for variance in fixed and variable cost of different power plants compared to the Commission's Tariff Order. While in the Tariff Order the Commission allowed Rs. 6,412.88 Crore towards fixed costs DISCOMs in their filings mentioned approved fixed cost as Rs. 5,766 Crore and within this Rs.1,740 Crore were towards transmission charges. But in the Commission's Order transmission charges are not mentioned as a part of fixed cost. These deviations in DISCO Ms' filings make comparison of power purchase cost difficult. Similarly, in the case of variable cost while the Commission allowed Rs.15,048.26 Crore DISCOMs mentioned approved variable cost as Rs. 17057 Crore. APDISCOMS in their filings mentioned actual variable cost as Rs. 17,262 Crore. If we go by APDISCOMs' claim about approved variable cost increase in variable cost is only Rs. 205 Crore. But if we go by the approved variable cost as mentioned in the Commission's Tariff Order increase in variable cost is Rs. 2,214 Crore. These variations in approved capital cost figures points to the need to closely scrutinize APDISCOMs' claims regarding capital costs incurred. | | The licensee has considered station wise fixed cost computation as per Page Nos. 328 & 329 of Retail Supply Tariff Order for FY 2017-18 duly deducting pension liabilities amount of Rs.378.22 Crs. and adding transmission charges of Rs.1739.73 Crs. (Transmission cost, SLDC cost. PGCIL expenses & ULDC Charges) under the head fixed cost resulting in filed approved fixed cost figure of Rs.5766.02 Crs. The licensee has considered station wise variable cost computation as per Pages Nos. 328 & 329 of Retail Supply Tariff Order for FY 2017-18 duly considering the un split costs of Hinduja, Damodaram Sanjeevaiah Plants-I & II and DBFOO under variable costs in order to arrive at filed approved variable cost of Rs.17056.66 Crs. |

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| Para No /Brief Issue | | APSPDCL Response | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------------------|-------------------------------------|---------------|---------|------|------|------|-------|---------|------|------|------|-------|-----|------|------|------|-------|--------|------|------|------|-------|---------|------|------|------|-------|-----------|------|------|------|-------|--|
| <p>9.2 Information provided by DISCOMs on fixed costs is utterly confusing. The figures used by DISCO Ms do not correspond to the once mentioned in the Tariff Order. For example, fixed costs of IPP- Others as mentioned in the Tariff Order comes to Rs.1,170.49 Crore and DISCOMs in their filings mentioned the approved fixed cost of these units to be Rs. 664 Crore. Similar is the case with GENCO units. Some other examples are given in the preceding paragraph. This demands resubmission of information in correspondence with the Tariff Order for meaningful analysis.</p> | | <p>The DISCOMs have considered fixed costs of IPPs others as per Pages Nos.328 & 329 of Retail Supply Tariff Order for FY 2017-18 as given below:</p> <p>1) Srivathasa - Rs.3 Crs.</p> <p>2) KSK Mahanadi - Rs.355.16Crs.</p> <p>3) Thermal Power Tech. -Rs.305.50Crs.</p> <p>Total - Rs.663.66 Crs.</p> <p>It appears that the objector has also included Hinduja cost also into Fixed Cost of IPPs. As per the Tariff Order Hinduja has been accorded single part tariff. Hence the classification carried out by the DISCOMs is not confusing and is clear.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>9.3 While the Commission allowed Rs. 29.66 Crore towards incentives APDISCOMs are claiming Rs. 961 Crore towards the same. Even when TSGENCO units provided less than one third of the projected quantity Rs. 60 Crore are mentioned as incentives to it. Similarly, in the case of NCE units Rs. 217 Crore are mentioned as incentives even when power supplied from these units was below the projected quantity by more than 500 MU. These demand close scrutiny of DISCOMs' claims related to incentives/other costs.</p> | | <p>As per the interim directions of the Hon'ble High Court, GBI incentive is supposed to be paid to the developers and accordingly a provision has been made subject to the final judicial outcome on the issue.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table><tr><th>Source</th><th>Approved variable cost (Rs/Unit)</th><th>Actual variable cost (Rs/Unit)</th><th>Variance in variable cost (Rs/Unit)</th><th>% of variance</th></tr><tr><td>APGENCO</td><td>2.70</td><td>3.27</td><td>0.57</td><td>21.11</td></tr><tr><td>TSGENCO</td><td>2.27</td><td>2.90</td><td>0.63</td><td>27.75</td></tr><tr><td>CGS</td><td>2.41</td><td>2.88</td><td>0.47</td><td>19.50</td></tr><tr><td>APGPCL</td><td>2.14</td><td>2.45</td><td>0.31</td><td>14.49</td></tr><tr><td>IPP-Gas</td><td>2.10</td><td>2.57</td><td>0.47</td><td>22.38</td></tr><tr><td>IPP-Other</td><td>2.17</td><td>3.00</td><td>0.83</td><td>38.25</td></tr></table> | | Source | Approved variable cost (Rs/Unit) | Actual variable cost (Rs/Unit) | Variance in variable cost (Rs/Unit) | % of variance | APGENCO | 2.70 | 3.27 | 0.57 | 21.11 | TSGENCO | 2.27 | 2.90 | 0.63 | 27.75 | CGS | 2.41 | 2.88 | 0.47 | 19.50 | APGPCL | 2.14 | 2.45 | 0.31 | 14.49 | IPP-Gas | 2.10 | 2.57 | 0.47 | 22.38 | IPP-Other | 2.17 | 3.00 | 0.83 | 38.25 | |
| Source | Approved variable cost (Rs/Unit) | Actual variable cost (Rs/Unit) | Variance in variable cost (Rs/Unit) | % of variance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| APGENCO | 2.70 | 3.27 | 0.57 | 21.11 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TSGENCO | 2.27 | 2.90 | 0.63 | 27.75 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CGS | 2.41 | 2.88 | 0.47 | 19.50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| APGPCL | 2.14 | 2.45 | 0.31 | 14.49 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IPP-Gas | 2.10 | 2.57 | 0.47 | 22.38 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IPP-Other | 2.17 | 3.00 | 0.83 | 38.25 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>9.4 The above table shows significant increase in variable cost. While in the case of gas based APGPCL unit variable cost increased by 14.49% in the case of gas based IPP plants it increased by 22.38%. As the source of natural gas for all these plants is the same higher increase in variable cost of gas based IPP plants is puzzling. In the case of coal based power plants while unit variable cost of CGS units registered an increase of 19.5% coal based IPP plants have registered an increase of 38.25%. From APDISCOMs' filings it is not clear whether this increase in variable cost was because of less than efficient operations of these power plants or because of increased fuel (coal/natural gas) prices. It is also not known whether proportion of imported coal has increased. In the past the Commission had given clear directions on procurement of imported coal. In the background these gaps in information we request the Commission to direct the</p> | | <p>Even though the source of gas is same to all the gas generating plants, gas transportation cost is different to different plants apart from differences in Station Heat Rates. This causes actual variable cost to differ among Gas based thermal power projects. Similarly, for Coal thermal stations also, the fuel linkage source, geographical location of the plant, transportation costs are different which alter the ultimate variable cost. Variable cost</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Para No /Brief Issue | | APSPDCL Response |
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| utilities to provide complete information (source, quantity and price; and calorific value of fuels procured and actual heat rate achieved) related to fuels. | | increase is mainly attributable to the increase in fuel & transportation costs. |
| 10.1 As the third control period has ended final information related to T&D costs should have been available. The same shall also be used to decide the true up figures. | | APDISCOMs are in the process of preparing True-Up filings for Network/Wheeling activity for the third control period. The Annual accounts for FY 2018-19 which is the final year of the 3 rd Control Period are under CAG audit and once completed, filings will be made by the DISCOMs. |
| 10.2 It seems by accident APDISCOMs provided some information on transmission related costs. They included it as a part of fixed costs of power generation units. While the Commission allowed Rs. 399.74 Crore towards PGCIL charges during FY 2017-18 DISCOMs' filings show that it had increased to Rs. 903.97 Crore even when all other transmission related costs declined significantly. The claim related to this needs to be examined. | | APDISCOMs have been claiming variations in Transmission & SLDC Costs (STU & CTU related) through the Power Purchase Cost True-up claims only as the transmission charges are related to Power procurement activity. |


 Chief General Manager
 RAC

**EASTERN POWER DISTRIBUTION COMPANY OF A.P.
CORPORATE OFFICE :: VISAKHAPATNAM**

From

The Chief General Manager ,
PPA, RA & QC,
APEPDCL, Corporate Office,
Seethammadhara,
Visakhapatnam – 530013.

To

Sri. B.Tulasi Das
S4 – Devi Towers,
Sambamurty Road,
Vijayawada – 520 003.

| | |
|-----------------------------|--------------------------|
| Admn. LIMITED | For Perusal |
| Engg. | Secretary <i>lesn 30</i> |
| Law | Member / PRM <i>lesn</i> |
| Tariff | Member / PR |
| | Chairman |

DD / T Engg

Lr.No.CGM/PPA, RA&QC/EPDCL/VSP/RAC/F:True-Up/D.No. 21 /19, dt. 12-11-2019

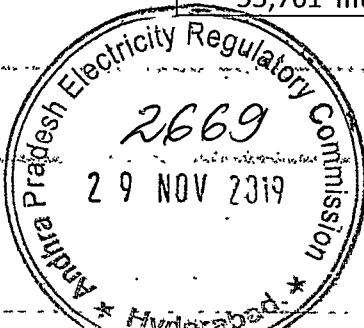
Sir,

Sub: APEPDCL – RAC – Replies to the Objections received on True-up petition filed by APDISCOMS on Retails Supply Business for 2017-18 - Regarding.

Ref: Your Objection letter dated. 16-08-2019

We are in receipt of your suggestion/ objections on True-up petition filed by APDISCOMS on Retails Supply Business for 2017-18 and the same is herewith acknowledged with thanks. Para wise replies of APEPDCL are as follows:

| Para No /Brief Issue | EPDCL Response |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. APSPDCL and APEPDCL, being independent entities should have submitted their "true-up applications separately. However, a common application is filed by both the Discoms for the year 2017-18, claiming revenue true-up of Rs.20 crore and expense true-up of Rs. 2576 crore, with a carrying cost of Rs.660 crore at an interest rate of 12% considering FY 2019-20 as the year of approval. While the revenue true-up of Rs.596 crore for EPDCL is shown as surplus, its total true-up claim is shown as Rs.434 crore, including a carrying cost of Rs.88 crore. Whereas, SPDCL has shown a total true-up claim of Rs.2823 crore, including a carrying cost of Rs.573 crore. Whatever be the true-up amounts that the Hon'ble Commission is going to permit, its impact on consumers should be confined to the respective true-up amounts of the Discom concerned. It should not be an average for the entire State. The benefit of true down for EPDCL should accrue to its consumers and the same should not be adjusted for true up of SPDCL. | "It is to inform that, in view of the uniform nature of Retail Supply Tariffs across the state independent of the service area of the distribution licensees, the DISCOMs are proposing to impose the burden of per unit True-Up also on uniform basis across the State. Further Power Purchase cost which constitutes around 80% of the entire expenditure of Distribution business is being incurred centrally to optimize the procurement cost and reduce the transaction costs. Even in the True-Up exercise, Power purchase cost variation is major element and so the DISCOMs have proposed for uniform levy of per unit True-up across the State. |
| 2. While the Hon'ble Commission approved a total power purchase of 56,584 mu for the year 2017-18, the actual purchases claimed by the Discoms are 55,761 mu only, i.e., there is a lesser purchase of | Whenever there is a short supply of power from the plants which are governed by PPAs & Two part tariff structure (Capacity Charge & Energy Charge), owing to the issues of Plant |



| Para No /Brief Issue | | EPDCL Response |
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| <p>power by 822 mu. Despite that, against total power purchase cost of Rs.23,231 crore approved by the Commission, the Discoms incurred an expenditure of Rs.25,806 crore for power purchase, i.e., higher by Rs.2,576 crore. They have shown additional payment of Rs.1,928 crore towards fixed cost and Rs.553 crore towards variable cost. The Discoms have claimed that supply of power is lesser vis a vis energy despatch approved by the Commission for the year 2017-18 by 2114 mu from APPDCL, by 5475 mu from TS Genco, by 499 mu from AP Genco hydel, by 528 mu from NCE, and by 1290 mu from IPPs and others. Did the Discoms claim and collect liquidated damages from the power stations concerned for lesser supply of power as per the terms and conditions in their respective PPAs, wherever applicable? While there is lesser supply of power to the tune of 712 mu from KSK Mahanadi, under 600 MW DBFOO, there is no supply at all against 1090 mu approved by the Commission. The Discoms have not explained the reasons for shortfall in generation and supply of power.</p> | | <p>availability (either due to outage or due to shortage of supply) capacity charges payable to such generators would be reduced proportionately as per the provisions of the PPA.</p> <p>Main reason for deficiency in supply is less availability declaration by the concerned Generator owing to shortage of Coal and the payment of capacity charges are made accordingly.</p> |
| <p>3. While supply of power from TS Genco is lesser by 5475 mu, additional purchase from AP Genco is 3410 mu only. Obviously, it is much lesser than what AP Genco should have supplied to TS Discoms. On earlier occasions, the Discoms claimed that they were purchasing power additionally from AP Genco, i.e., the share of TS Discoms in the power stations of AP Genco. Even while claiming that they have purchased 3040 mu from the market against 196 mu permitted by the Commission, the Discoms have failed to explain as to why they could not purchase the share of TS Discoms from the stations of AP Genco following "regulation of power from TSGENCO stations to AP Discoms from 11th June 2017 onwards." Following that "regulation," supply of power from stations of AP Genco also was "regulated" to TS Discoms, and, as such, additional power to the extent it was regulated must have been available from AP Genco to be purchased by AP Discoms. At the same time, the Discoms have claimed that they have purchased 1889 mu additionally from gas-based IPPs against 346 mu (from Reliance) approved by the Commission. While Reliance failed to supply the approved quantum of power, the Discoms have purchased 1030 mu from GVK, 560 mu from Spectrum and 645 mu from Lanco,</p> | | <p>Following the mutual regulation of purchase/supply of power between the entities of AP & TS from 11th June 2017 onwards, APDISCOMs have been procuring entire generation of APGENCO plants. Since percentage share of TS in the PPAs is more than that of AP to the extent of 8%, and installed capacity based on geographical location is more in AP; expected quantum of thermal power from AP Genco plants was more than that of the quantum available in pre-regulation period.</p> <p>As the expected availability from APGenco Stations did not materialize, the DISCOMs fell short of the required energy availability, and in order to ensure reliable & uninterrupted power supply, the DISCOMs have resorted to market purchases. Out of 2820 MU of market purchases, the DISCOMs have procured 1581 MU from Power Exchange (IEX), which operates on a transparent process of competitive bidding platform.</p> <p>Another 1200 MU of energy has been procured through banking mechanism (SWAP) with power utilities of other states on returnable basis.</p> |

| Para No /Brief Issue | EPDCL Response |
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| <p>without any approval of the Commission. The Discoms have claimed that they have purchased 2820 mu from the market at a total cost of Rs.742 crore. However, the Discoms have failed to give details pertaining to the kind of procedure they followed for purchasing 2820 mu from the market, from which projects, per unit cost and quantum of power from different sources. It needs to be clarified by the Discoms whether additional purchases on such a higher scale were made by them without seeking prior consent of the Hon'ble Commission, both in terms of quantum and cap for tariffs to be paid, and the procedure to be adopted for such purchases to ensure competitive tariffs. Since the Discoms had not sought and got permission of the Hon'ble Commission for purchasing additional power from the market, maximum cap of tariff and the procedure to be adopted for competitive bidding for such purchases, it reflects "executive arrogance" of the powers-that-be who handled such purchases from Vidyuth Soudha. It is a negation of the directions given periodically by the Hon'ble Commission on additional power purchases to be made by the Discoms and reflects recklessness of the powers-that-be that they need not seek prior permission of the Commission for such purchases and their contempt for regulatory requirements and questionable approach that the Commission would or should give its consent to such purchases as and when they seek.</p> | <p>The weighted average rate of procurement of power from the exchange is lesser than the approved per unit rate by the Hon'ble APERC.</p> |
| <p>4. The Discoms have maintained that they have incurred fixed cost more by Rs.1786 crore against Rs.4026 crore approved by the Commission. While the fixed cost paid to thermal stations of TS Genco was lesser by Rs.668 crore against Rs.845 crore approved by the Commission, the additional fixed cost paid to thermal stations of AP Genco was higher by Rs.822 crore against Rs.965 crore approved by the Commission. In other words, for not purchasing 5475 mu from TS Genco, the Discoms have not paid Rs.668 crore towards fixed cost, whereas for purchasing 3410 mu additionally from AP Genco (including APPDCL), the Discoms have paid Rs.1786 crore additionally. It confirms that compared to the quantum of power not purchased from TS Genco and the quantum of power purchased additionally from AP Genco, on an average the Discoms have paid higher fixed charges per unit to AP Genco. The</p> | <p>Thermal Generating stations located in Telangana State are older units when compared to the stations located in Andhra Pradesh. This causes, per unit fixed cost of generating stations in TS at lower side when compared to its counterparts in AP. This is the reason behind payment of higher fixed costs by AP DISCOMs when "Regulation" of power came into force between AP & TS.</p> <p>During certain instances in the grid operations, Thermal Power Stations are backed down to accommodate Renewable Energy sources which have been conferred "Must Run" status. During the period of backing down, the thermal generating stations have to be compensated for fixed cost payment, if they confirm the availability,</p> |

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| <p>reasons for the same need to be explained by the Discoms to examine whether such higher payments are justified or not. That apart, fixed cost being fixed in nature, it cannot increase for purchase of the quantum of power approved by the Commission. Therefore, the moot point is whether the Discoms backed down capacities of the stations of AP Genco and paid fixed charges therefor. If so, what were the quantum of power backed down by the Discoms and fixed charges paid therefor to AP Genco and other thermal stations, if any?</p> | | <p>as per the provisions of the PPAs. The quantum of backing down & fixed charges paid to AP Genco stations for the above period is as furnished in the enclosed Statement.</p> |
| <p>5. The Discoms have shown that they could not sell a surplus of 1540 mu. At the same time, they have purchased 2625 mu more than what was approved by the Commission from the market. What are the reasons for the same? Did the Discoms back down thermal power in order to purchase high cost and must-run non-conventional energy to the tune of 9788 mu against 10316 mu approved by the Commission, exceeding their obligations under RPPO, and pay fixed charges therefor? If so, what are the costs per unit of NCE purchased and per unit cost of power from the thermal stations backed down, station-wise and unit-wise?</p> | | <p>Prevailing price in the Short-Term market at the time of surplus availability with us is the criteria for selling power outside. If the prevailing price is lesser than the marginal variable cost of the generating station at that instant, its not commercially prudent to opt for sale of power. The DISCOMs have taken every possible step to sell the surplus power available at their disposal. Availability of surplus power on the basis of Time of the Day (Peak Load Hours, Day Time Power, Night Power etc) is important to fetch reasonable revenue. RE power has been purchased in accordance with the provisions of the approved PPAs and regulations governing grid operations. The details of Per Unit Cost of the Thermal Power Backed down is furnished in the above mentioned enclosed Statement.</p> |
| <p>6. The Discoms have claimed that following fixed costs determined by the Commission for SDSTPS stage I (2x800 MW) on 2.3.2019, they have to pay Rs.946.66 crore additionally to the project. When the Commission fixed an interim tariff of Rs.3.63 per unit, with a fixed cost of Rs.1.02 per unit, and when actual energy availed from SDSTPS-1 was with a PLF of 56.72% only, and when the Discoms paid Rs.457.26 crore @ Rs.1.02 per unit for the year 2017-18, the fixed costs determined by the Commission for the station on 2.3.2019 cannot, and should not, be applied with retrospective. Therefore, we request the Hon'ble Commission not to approve payment of additional sum of Rs.946.66 the Discoms have claimed to have paid to the said station under true-up. When fixed cost was approved by the Commission for availability at 80% PLF and when the station could achieve 56.72% PLF only, liquidated</p> | | <p>It is to inform that short payment of fixed cost would take place, if the generator didn't achieve the target availability factor as specified in the relevant PPA. The matter of not allowing the fixed cost payments on retrospective basis to SDSTPS is within the purview of the Hon'ble APERC.</p> |

| Para No /Brief Issue | EPDCL Response | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| damages should be collected from SDSTPS-1 for generation and supply of power below threshold level. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. The Discoms have claimed that while the Commission approved Rs.3.01 per unit as the average variable cost for the year 2017-18, they have paid @ Rs.3.08 per unit. They have not explained the reasons for paying higher variable costs. The justification or otherwise for paying higher variable costs needs to be examined. | Ownership wise / Source wise variation in respect of the per unit variable cost is given in Table 15 of the petition. The increase in variable cost is due to increase in Basic price, Fuel Cost Adjustment (FCA) levied by the Coal / Gas companies and increased freight charges leveled by Railways and other transportation agencies. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8. The Discoms have claimed that other costs paid by them increased to Rs.961 crore from Rs.408 crore approved by the Commission. They have not explained what those other costs are and why a sum of Rs.553 crore was paid by them. The justification and permissibility for paying such a huge amount for unexplained other costs need to be examined. | Other Costs include expenditures incurred on account of Additional Interest on pension bonds, incentives paid if any and actual payment of Income Tax. These are the prudent expenditures made by the DISCOMs and submitted for admission in to the True-Up | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9. We request the Hon'ble Commission to determine the amounts taken over or to be taken over by GoAP from the debts of the Discoms for the year 2017-18 under UDAY and deduct the same from their true-up claims. In the subject petition, the Discoms have not given the details of taking over of their debt by GoAP under UDAY. | As per Clause 1.2(a) of the MoU, GoAP agreed to take over 75% of working capital term loan of Rs.8461.75 Crs. and 100% FRP bonds of Rs.2546.15 Crs. of the APDISCOMs outstanding as on 30 th September, 2015. Accordingly GoAP issued G.O.Ms.No.27, Energy Infrastructure & Investment (Power-I) Department, dt.26-07-2016.. <table><tr><th></th><th>Outstanding loans as on 30-09-2015</th></tr><tr><td>Capex Loans</td><td>3712.49</td></tr><tr><td>Working capital Loans</td><td>8461.76</td></tr><tr><td>FRP Bonds Liability</td><td>2546.15</td></tr><tr><td>Total</td><td>14720.40</td></tr></table> <p>Out of the total outstanding loans of Rs.14720.40 Crs. as on 30-09-2015, GoAP has accorded approval for takeover of 75% of working loans (Rs.6346.32 Crs.) and 100% of FRP bonds (Rs.2546.15 Crs.).</p> <table><tr><th></th><th>EPDCL</th><th>SPDCL</th><th>Total</th></tr><tr><td>Against 100% FRP Bonds</td><td>1205.95</td><td>1340.20</td><td>2546.15</td></tr><tr><td>Against 75% working capital loan</td><td>2094.53</td><td>4251.79</td><td>6346.32</td></tr><tr><td>Total</td><td>3300.48</td><td>5591.99</td><td>8892.47</td></tr></table> | | Outstanding loans as on 30-09-2015 | Capex Loans | 3712.49 | Working capital Loans | 8461.76 | FRP Bonds Liability | 2546.15 | Total | 14720.40 | | EPDCL | SPDCL | Total | Against 100% FRP Bonds | 1205.95 | 1340.20 | 2546.15 | Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | Total | 3300.48 | 5591.99 | 8892.47 |
| | Outstanding loans as on 30-09-2015 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capex Loans | 3712.49 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Working capital Loans | 8461.76 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FRP Bonds Liability | 2546.15 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 14720.40 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | EPDCL | SPDCL | Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 100% FRP Bonds | 1205.95 | 1340.20 | 2546.15 | | | | | | | | | | | | | | | | | | | | | | | | |
| Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 3300.48 | 5591.99 | 8892.47 | | | | | | | | | | | | | | | | | | | | | | | | |

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EPDCL Response

As on date GoAP has taken over loans as given below:

| | EPDCL | SPDCL | Total |
|----------------------------------|----------------|----------------|----------------|
| Against 100% FRP Bonds | 904.46 | 1005.23 | 1909.69 |
| Against 75% working capital loan | 2094.53 | 4251.79 | 6346.32 |
| Total | 2998.99 | 5257.02 | 8256.01 |

The Hon'ble Commission is requested to treat such amounts /loans pertaining to PP cost as covered in the UDAY scheme, as per the prevailing regulations.

10. We request the Hon'ble Commission to direct the Discoms to seek additional subsidy required for purchases made in market far exceeding the quantum permitted by the Commission and from other sources from GoAP, since they did not seek prior approval of the Commission for purchasing additional quantum, procedure to be adopted for real and transparent competitive bidding and cap on tariff. The powers-that-be should be brought round to scrupulously adhere to regulatory requirements of the Commission for purchasing power and additional power.

The DISCOMs are complying with the directions of the Hon'ble Commission in this regard. Market procurement has been carried out through exchange or swapping arrangement or DEEP E bidding portal.

11. Carrying cost claimed by the Discoms to the tune of Rs.660 crore under true-up is not permissible. We request the Hon'ble Commission to reject the claim for carrying cost. The Discoms have to submit their true-up claims in time and the consumers should not be penalised for delay caused by the Discoms in submitting the same.

For the reasons beyond in the control of the DISCOMs, the True-Up claims have been submitted with a delay and carrying cost also has been claimed. The Hon'ble Commission is requested to condone the delay and approve the True-Up claim including carrying costs.

12. We request the Hon'ble Commission to provide us an opportunity to make further submissions in person during the public hearing after receiving responses of the Discoms to our above-mentioned submissions and studying and analysing the same.

Within the purview of Hon'ble APERC.

Yours faithfully


Chief General Manager
PPA, RA & QC
APEPDCL::VISAKHAPATNAM

Copy submitted to

The Secretary, APERC, 4TH Floor, 11-4-660, Singareni Bhavan, Red Hills, Hyderabad-500004.

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AP DISCOMS Back Down Fixed Cost for FY 2017-2018


| Year | Source | Plant | Installed Capacity (MW) | Available energy (MU) | Backdown energy (MU) | Energy Purchased (MU) | Total FC (Rs Cr) | FC paid due to Back down (Rs Cr) | Per Unit Cost of Backdown Rs per unit |
|---------|------------------------------------------------------|---------|-------------------------|-----------------------|----------------------|-----------------------|--------------------|----------------------------------|---------------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) = (i)/(f)*10 |
| 2017-18 | AP GENCO -Thermal | | | | | | | | |
| | Dr.NTTPS Stage-I | Thermal | | | | | | | |
| | Dr.NTTPS Stage-II | | 1260.00 | 6605.91 | 447.04 | 6158.87 | 558.62 | 37.80 | 0.85 |
| | Dr.NTTPS Stage-III | | | | | | | | |
| | Dr.NTTPS Stage -IV | | 500.00 | 2659.72 | 187.71 | 2472.01 | 387.17 | 27.32 | 1.46 |
| | RTTP Stage-I | | 420.00 | 2590.91 | 447.59 | 2143.31 | 242.98 | 41.97 | 0.94 |
| | RTTP Stage-II | | 420.00 | 2755.84 | 466.70 | 2289.14 | 370.93 | 62.82 | 1.35 |
| | RTTP Stage-III | | 210.00 | 1102.38 | 170.96 | 931.42 | 227.22 | 35.24 | 2.06 |
| | RTTP Stage-IV | | 600.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Thermal Incentive for FY 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 1.17 | 0.00 | |
| | ICA for 2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Total AP GENCO -Thermal | | 3410.00 | 15714.76 | 1720.01 | 13994.75 | 1788.10 | 205.15 | 1.19 |
| | Total TSGENCO -Thermal | Thermal | 2282.50 | 1492.89 | 0.00 | 1492.89 | 199.63 | 0.00 | |
| 2017-18 | APPDCL (Krishnapatnam) -Thermal | Thermal | | | | | | | |
| | SDSTPS-I | | 1600.00 | 5906.49 | 1423.54 | 4482.95 | 1403.90 | 338.36 | |
| | SDSTPS-II | | | | | | | | |
| | Total APPDCL (Krishnapatnam) -Thermal | | 1600.00 | 5906.49 | 1423.54 | 4482.95 | 1403.90 | 338.36 | 2.38 |
| 2017-18 | CGS - Thermal | | | | | | | | |
| | NTPC (SR) Ramagundam St.I&II | Thermal | 274.23 | 2109.43 | 354.11 | 1755.32 | 124.11 | 20.83 | 0.59 |
| | NTPC (SR) Simadri Stage 1 | | 461.10 | 3180.58 | 495.69 | 2684.89 | 442.97 | 69.04 | 1.29 |
| | NTPC (SR) Simadri Stage 2 | | 188.64 | 1435.91 | 421.26 | 1014.66 | 205.06 | 59.57 | 1.41 |
| 2017-18 | NTPC (SR) Talcheru St.II | Thermal | 175.32 | 1300.11 | 104.90 | 1195.21 | 81.28 | 6.56 | 0.63 |
| | NTPC (SR) Ramagundam St.III | | 68.92 | 558.13 | 84.15 | 473.97 | 31.43 | 4.74 | 0.56 |
| | NTECL Valluru Thermal Power | | 87.93 | 568.11 | 87.83 | 480.28 | 111.04 | 17.17 | 1.95 |
| | NLC -Stage - I | Lignite | 47.60 | 325.04 | 112.98 | 213.06 | 21.18 | 1.38 | 0.65 |
| | NLC -Stage - II | | 86.87 | 639.84 | 216.83 | 423.01 | 35.93 | 12.17 | 0.56 |
| | NPC (MAPS) | Atomic | 18.39 | 104.96 | 0.00 | 104.96 | | 0.00 | |
| | NPC (Kaiga Unit-I,II & III) | | 116.22 | 915.84 | 0.00 | 915.84 | Single Part Tariff | 0.00 | |
| | NPC KUNDANKULAM (Arrear Bill) | | | | | | | 0.00 | |
| | NLC Tamilnadu Power Ltd Stage.1 | Thermal | 123.15 | 833.50 | 230.01 | 603.48 | 143.80 | 39.68 | 1.73 |
| | NTPC Kudgi Stage-I (New Thermal Station) | | 143.04 | 654.66 | 380.30 | 274.36 | 71.30 | 41.42 | 1.09 |
| | Aravali Power Company Limited (IGSTPS) (Arrear Bill) | | | | | | 50.16 | 0.00 | |

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| Year | Source | Plant | Installed Capacity (MW) | Available energy (MU) | Backdown energy (MU) | Energy Purchased (MU) | Total FC (Rs Cr) | FC paid due to Back down (Rs Cr) | Per Unit Cost of Backdown Rs per unit |
|---------|------------------------------------------------------|---------|-------------------------|-----------------------|----------------------|-----------------------|--------------------|----------------------------------|---------------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) = (i)/(f)*10 |
| | Bundled Power under JNNM Ph- I & Ph-II | | 539.18 | 2632.42 | 0.03 | 2632.39 | Single Part Tariff | 0.00 | 0.00 |
| | Total CGS - Thermal | | 2330.59 | 15259.53 | 2488.10 | 12771.43 | 1316.26 | 278.56 | 1.12 |
| 2017-18 | IPP - Thermal (Hinduja, SEIL & KSK) | | | | | | | | |
| | Hinduja National Power Corp Ltd (HNPC) | Thermal | 1040.00 | 4182.25 | 898.98 | 3283.78 | 0.00 | 0.00 | 0.00 |
| | Thermal Powertech Corporation India | | 230.55 | 1876.47 | 126.02 | 1750.45 | 309.84 | 20.81 | 1.65 |
| | KSK Mahanadi Power Co.Ltd., | | 400.00 | 2108.58 | 228.43 | 1880.14 | 260.99 | 28.27 | 1.24 |
| | Total IPP - Thermal (Hinduja, SEIL & KSK) | | 1670.55 | 8167.29 | 1253.43 | 6914.38 | 570.83 | 49.08 | 0.39 |
| | GENCO-Hydel | | | | | | | | |
| | Srisaillam -RBPH | Hydel | 770.00 | 558.92 | 0.00 | 558.92 | 168.89 | 0.00 | |
| | NSRCP | | 90.00 | 56.54 | 0.00 | 56.54 | 17.74 | 0.00 | |
| | Upper Sileru | | 240.00 | 471.67 | 0.00 | 471.67 | 55.84 | 0.00 | |
| | Lower Sileru | | 460.00 | 1087.39 | 0.00 | 1087.39 | 107.03 | 0.00 | |
| 2017-18 | Donkarayi | Hydel | 25.00 | 118.17 | 0.00 | 118.17 | 5.82 | 0.00 | |
| | Pennaahobilam | | 20.00 | 3.68 | 0.00 | 3.68 | 10.44 | 0.00 | |
| | Mini Hydel (Chettipeta) | | 1.00 | 2.25 | 0.00 | 2.25 | 0.77 | 0.00 | |
| | Ramagiri Wind Mills | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | |
| | NSTPDC PH | | 50.00 | 30.07 | 0.00 | 30.07 | 22.11 | 0.00 | |
| | Machkund | | 84.00 | 233.83 | 0.00 | 233.83 | 25.35 | 0.00 | |
| | TB Dam | | 57.60 | 70.84 | 0.00 | 70.84 | 17.38 | 0.00 | |
| | NSTPHES 16-17 & 18-19 | | | 21.64 | 0.00 | 21.64 | 29.96 | 0.00 | |
| | Interest on Pension Bonds | | 0.00 | 0.00 | 0.00 | 0.00 | 684.11 | 0.00 | |
| | Income Tax for FY 16-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 3.06 | 0.00 | |
| | Suppl Calims for IPB 2014-15,2015-16,2016-17 | | 0.00 | 0.00 | 0.00 | 0.00 | 47.59 | 0.00 | |
| | Total GENCO-Hydel | | 1797.60 | 2655.01 | 0.00 | 2655.01 | 1196.09 | 0.00 | |
| | IPP- GAS (GGPP, GAS IPPS & APGPCL) | | | | | | | | |

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| Year | Source | Plant | Installed Capacity (MW) | Available energy (MU) | Backdown energy (MU) | Energy Purchased (MU) | Total FC (Rs Cr) | FC paid due to Back down (Rs Cr) | Per Unit Cost of Backdown Rs per unit |
|---------|------------------------------------------------------------|-----------|-------------------------|-----------------------|----------------------|-----------------------|------------------|----------------------------------|---------------------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) = (i)/(f)*10 |
| 2017-18 | Godavari Gas Power Plant (Now Own Source previously GVK-I) | Gas | 216.00 | 1057.69 | 26.57 | 1030.25 | 21.23 | 0.53 | 0.20 |
| | Spectrum Power | | 205.00 | 561.05 | 0.65 | 560.40 | 5.00 | 0.01 | 0.15 |
| | LANCO Kondapalli | | 361.92 | 645.08 | 0.04 | 645.05 | 64.30 | 0.004 | 1.00 |
| | SRIVATHSA POWER | | 17.20 | 53.44 | 0.00 | 53.44 | 3.17 | 0.00 | |
| | APGPCL -Stage-I | | 9.33 | 33.69 | 0.00 | 33.69 | 4.11 | 0.00 | |
| | APGPCL -Stage -II | | 24.96 | 113.32 | 0.00 | 113.32 | 7.38 | 0.00 | |
| | Total IPP- GAS (GGPP, GAS IPPS & APGPCL) | | 834.41 | 2464.27 | 27.26 | 2436.14 | 105.19 | 0.55 | 0.20 |
| 2017-18 | NRE - Solar | Solar | 4555.00 | | 0.00 | | 0.00 | 0.00 | |
| | NRE - Wind | Wind | 3931.00 | | 0.00 | | 0.00 | 0.00 | |
| | NRE - Others | bio-mass, | 579.10 | | 0.00 | | 0.00 | 0.00 | |
| | Others (Including Swapping) | | | | 0.00 | | 0.00 | 0.00 | |
| | Total Others (Including Swapping) | | 9065.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Grand Total | | 22990.75 | 51660.23 | 6912.34 | 44747.55 | 6580.00 | 871.70 | 1.26 |


 CHIEF GENERAL MANAGER
 PPA, RA & QC
 A.P.E.P.D.C. LTD.
 VISAKHAPATNAM-13

EASTERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED
CORPORATE OFFICE :: VISAKHAPATNAM

From

The Chief General Manager,
 PPA & RA
 APEPDCL, Corporate Office,
 Seethammadhara,
 Visakhapatnam - 530013.

To

Sri M.Thimma Reddy,
 Convenor, Peoples's Monitoring
 Group of Electricity Regulation,
 139, Kakatiya Nagar,
 Hyderabad - 500 008.

| | |
|--------|---------------|
| Admn. | For Perusal |
| Engg | PRM/1000/1912 |
| Law | Member / PR |
| Tariff | Chairman |

Lr.No. CGM/PPA & RA/EPDCL/VSP/RAC/F:True-Up/D.No.233/19; dt.06-12-2019.

Sir,

Sub: APEPDCL - RAC - Replies to the Objections received on True-up petition filed by APDISCOMS on Retails Supply Business for FY2017-18 - Regarding.

Ref: Your Objection letter dated. 17-08-2019

*

With reference to above, the receipt of your suggestion/ objections on True-up petition filed by APDISCOMS on Retails Supply Business for FY2017-18 is herewith acknowledged. The Para wise replies of APEPDCL are furnished in the enclosed statement.

Encl: As above

Yours faithfully

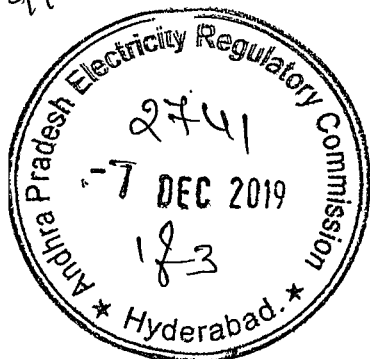
[Signature]
 Chief General Manager
 PPA & RA :: APEPDCL
 VISAKHAPATNAM

Copy submitted to

The Secretary, APERC, 4TH Floor, 11-4-660, Singareni Bhavan, Red Hills, Hyderabad-500004.

Transmitted to Sri Nakaraj, SEO
 for placing this copy in proceedings file.

12/10/12/2019
 DD/T. Encl.



Replies to the Objections raised by Sri M.Thimma Reddy.

| Para No /Brief Issue | EPDCL Response |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. APDISCOMs have filed a joint petition for determination of the True up for the Retail Supply Business for FY 2017-18. Below we submit our comments on the same for the consideration of the Commission. | -- |
| 2. While the quantum of power procured decreased from 56,584 MU as allowed in the Commission's Tariff Order for FY 2017-18 to 56,024 MU. the power purchase cost increased from Rs. 21,490.80 crore as allowed in the said Tariff Order to Rs. 25,917 Crore. That is, while power procured declined by 560 MU power purchase cost increased by Rs. 4,427 Crore. In other words, power procured declined by one percent and power purchase cost increased by 20.60 percent. Average power purchase cost increased from Rs. 3.80 per unit as allowed in the Tariff Order to Rs. 4.62 per unit as claimed by the DISCOMs in their filings, signifying an increase of 21.58% in average power purchase cost. | -- |
| 3. APDISCOMs in their filings (Table 17) claimed that the Commission approved power purchase cost of Rs. 23,231 Crore for FY 2017-18 while in the Tariff Order the Commission allowed Rs. 21,490.79 Crore towards the same (p.215). Similarly, while the Commission allowed Rs. 29.66 Crore towards incentives/other costs APDISCOMs claimed that the Commission approved Rs. 408 Crore towards the same. This needs to be clarified/verified. | APDISCOMs have included the approved transmission charges of Rs.1739.73 Crs. (Transmission cost, SLDC cost, PGCIL expenses & ULDC Charges) under the head of power purchase cost in order to compute the power purchase cost variation at the boundary of the DISCOMs in order to arrive at filed approved power purchase cost of Rs.23230.52 Crs. The DISCOMs have included pension liabilities of Rs.378.22 Crs. in addition to incentives of Rs.29.66 Crs. under the head of other costs in order to arrive at filed other cost of Rs.408 Crs. |
| 4. While the Commission allowed APDISCOMs to procure 56,584 MU during FY 2017-18 APDISCOMs in fact procured 57,565 MU. It was nearly 1,000 MU higher than the quantum allowed by the Commission. APDSICOMs disposed of 1,540 MU in the open market as power consumption in the state during the year was only 56,025 MU. This raises doubts over procurement of power over and above the limit set by the Commission. Any additional expenditure incurred In procuring surplus power shall not be allowed. | -- |

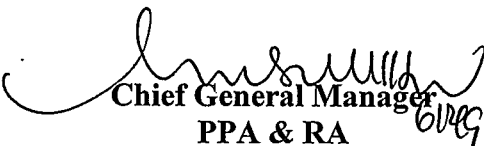
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| Para No /Brief Issue | EPDCL Response | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 5. While the Commission allowed procurement of 195.67 MU through market at an average cost of Rs. 4.08 per unit APDISCOMs procured 3,040 MU from the market (Table 1) Table 11 of APDISCOMs submission provides details regarding 2,820 MU only. There is no explanation about the remaining 220 MU. | 219.34 MU is UI (Unscheduled Interchange) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6. APDISCOMs' submission in Table 15 shows that while surplus power was sold at Rs. 4.20 per unit power from market was procured at Rs. 2.76 per unit which was much less than Rs. 4.08 per unit allowed by the Commission. This gives the impression that they have procured power from the market at a very low price and sold it in the open market at higher price leading to profit for the DISCOMs on this count. But a closet examination of the submission shows that the DISCOMs in fact procured power from market at higher price. Details regarding market procurement are provided in Table 11 of the filings. Out of 2,820 MU 1,208 MU were through swapping. Actual market purchases were 1,611 MU and their details are provided in the following table: | The objector has erroneously taken cost of power procurement (Rs Crs) from Manikaran Power Limited as 11 instead of 1 for 3 MU. Table 11 of the filings may please be perused again. AP DISCOMs have procured power from the market at cheaper rates only. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table><tr><th>Source</th><th>MU</th><th>Cost (Rs in Cr)</th><th>Per Unit cost (Rs)</th></tr><tr><td>Indian Energy Exchange (Including STOA charges)</td><td>1,581</td><td>647</td><td>4.09</td></tr><tr><td>Steel exchange</td><td>7</td><td>3</td><td>4.26</td></tr><tr><td>Sarda Metal</td><td>15</td><td>6</td><td>4.00</td></tr><tr><td>Manikaran Power Limited (Including STOA charges)</td><td>3</td><td>11</td><td>36.67</td></tr><tr><td>Knowledge Infrastructure</td><td>5</td><td>1</td><td>2.00</td></tr><tr><td>Total</td><td>1,611</td><td>668</td><td>4.51</td></tr></table> | | Source | MU | Cost (Rs in Cr) | Per Unit cost (Rs) | Indian Energy Exchange (Including STOA charges) | 1,581 | 647 | 4.09 | Steel exchange | 7 | 3 | 4.26 | Sarda Metal | 15 | 6 | 4.00 | Manikaran Power Limited (Including STOA charges) | 3 | 11 | 36.67 | Knowledge Infrastructure | 5 | 1 | 2.00 | Total | 1,611 | 668 | 4.51 |
| Source | MU | Cost (Rs in Cr) | Per Unit cost (Rs) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Indian Energy Exchange (Including STOA charges) | 1,581 | 647 | 4.09 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Steel exchange | 7 | 3 | 4.26 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sarda Metal | 15 | 6 | 4.00 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Manikaran Power Limited (Including STOA charges) | 3 | 11 | 36.67 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Knowledge Infrastructure | 5 | 1 | 2.00 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 1,611 | 668 | 4.51 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| From the above table it is clear that APDISCOMs procured power from open market at higher price than that allowed by the Commission. Additional expenditure resulting from this high cost power purchases shall not be allowed. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. According to APDISCOMs' filings power purchase cost from market sources includes short-term open access (STOA) charges to the extent of Rs. 152 Crore. STOA shall not be paid as TRANSCO is already paid for the quantum of energy to be transmitted during the financial year and the actual power transimitted according to the DISCOMs' present filing is less than that allowed by the Commission in the Tariff Order. In the past the Commission disallowed STOA from FSA. In the Order dated 20-09-2012 in the matter of determination of Fuel Surcharge Adjustment (FSA) for Fourth Quarter of FY 2011-12 the Commission held as follows, "Regarding the contention that the levy of short-term open access (STOA) charges by APTRANSCO on DISCOMs for the use of network, amounts to double charging for the same network and | As per the existing CERC Regulations, STU transmission charges are also being collected on all Short Term Open Access (STOA) transactions involving short term procurement of power by the DISCOMs from other states / exchange. This expenditure is actually being incurred by the DISCOMs. Whether it is adding up to the revenue of AP Transco over and above its regulated income or the | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| <p>results in unjust enrichment of APTRANSCO at the cost of consumers, the Commission has examined this issue and proposes to disallow the cost of STOA while computing the FSA since the charges of STOA is not part of power purchase cost as per Tariff Order."(Para 25, page 19). Following the above we request the Commission not to allow STOA as claimed by the APDISCOMs.</p> | <p>treatment of the same is under the purview of the Hon'ble APERC. Since the DISCOMs are actually incurring this, it is claimed as a true up item.</p> |
| <p>8.1 In the Tariff Order the Commission allowed Rs. 2,663.88 Crore towards procurement of 6,597 MU of power from SDSTPS/APPDCL at the rate of Rs. 4.04 per unit. In the true-up filings DISCOMs claimed Rs. 2,574 Crore (Rs. 1,170 Crore towards variable capital and Rs. 1,404 Crore towards fixed capital) towards power procurement from SDSTPS/APPDCL. As the quantum of power procured from this plant declined to 4,483 MU per unit cost increased to Rs.5.74 signifying an increase of 43 percent in power purchase cost from this unit.</p> | <p>DISCOMs have considered the power purchase costs of SDSTPS as per Hon'ble Commission order in O.P.No.47 of 2017 & IA No. 28 of 2017, Dt.02.03.2019</p> |
| <p>8.2 As SDSTPS achieved only 56.72% of PLF compared to normative threshold PLF of 80% penalty/disincentive shall be collected from it for its underperformance.</p> | <p>Payment of fixed charges is always subjected to the actual availability of the plant and accordingly plants showing lesser availability are disincentivized by reduction in the fixed charges proportionately.</p> |
| <p>8.3 Unit variable cost of SDSTPS (Rs. 2.61) is less than that of APGENCO units (Rs.3.27). But while power procured from SDSTPS is much lower than the projected quantity in the case of APGENCO units it is much higher. Generation of power above threshold PLF at SDSTPS would also have helped to bring down unit fixed cost. Reasons for lower power generation at SDSTPS need to be explained</p> | <p>Even if variable cost of SDSTPS is lesser, the DISCOMs could not procure upto the approved quantum in view of scarcity of fuel.</p> |
| <p>9.1 APDISCOMs did not provide any explanation for variance in fixed and variable cost of different power plants compared to the Commission's Tariff Order. While in the Tariff Order the Commission allowed Rs. 6,412.88 Crore towards fixed costs DISCOMs in their filings mentioned approved fixed cost as Rs. 5,766 Crore and within this Rs.1,740 Crore were towards transmission charges. But in the Commission's Order transmission charges are not mentioned as a part of fixed cost. These deviations in DISCOMs' filings make comparison of power purchase cost difficult. Similarly, in the case of variable cost while the Commission allowed Rs.15,048.26 Crore DISCOMs mentioned approved variable cost as Rs. 17057 Crore. APDISCOMs in their filings mentioned actual variable cost as Rs. 17,262 Crore. If we go by APDISCOMs' claim about approved variable cost increase in variable cost is only Rs. 205 Crore. But if we go by the approved variable cost as mentioned in the Commission's Tariff Order increase in variable cost is Rs. 2,214 Crore. These variations in approved capital cost figures points to the need to closely scrutinize APDISCOMs' claims regarding capital costs incurred.</p> | <p>The licensee has considered station wise fixed cost computation as per Page Nos. 328 & 329 of Retail Supply Tariff Order for FY 2017-18 duly deducting pension liabilities amount of Rs.378.22 Crs. and adding transmission charges of Rs.1739.73 Crs. (Transmission cost, SLDC cost, PGCIL expenses & ULDC Charges) under the head fixed cost resulting in filed approved fixed cost figure of Rs.5766.02 Crs. The licensee has considered station wise variable cost computation as per Pages Nos. 328 & 329 of Retail Supply Tariff Order for FY 2017-18 duly considering the un split costs of</p> |

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| | Hinduja, Damodarara Sanjeevaiah Plants-I & II and DBFOO under variable costs in order to arrive at filed approved variable cot of Rs.17056.66 Crs. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9.2 Information provided by DISCOMs on fixed costs is utterly confusing. The figures used by DISCO Ms do not correspond to the once mentioned in the Tariff Order. For example, fixed costs of IPP- Others as mentioned in the Tariff Order comes to Rs.1,170.49 Crore and DISCOMs in their filings mentioned the approved fixed cost of these units to be Rs. 664 Crore. Similar is the case with GENCO units. Some other examples are given in the preceding paragraph. This demands resubmission of information in correspondence with the Tariff Order for meaningful analysis. | <p>The DISCOMs have considered fixed costs of IPPs others as per Pages Nos.328 & 329 of Retail Supply Tariff Order for FY 2017-18 as given below:</p> <p>1) Srivathasa - Rs.3 Crs. 2) KSK Mahanadi - Rs.355.16Crs. 3) Thermal Power Tech. -Rs.305.50Crs.</p> <p>Total - Rs.663.66 Crs.</p> <p>It appears that the objector has also included Hinduja cost also into Fixed Cost of IPPs. As per the Tariff Order Hinduja has been accorded single part tariff. Hence the classification carried out by the DISCOMs is not confusing and is clear.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9.3 While the Commission allowed Rs. 29.66 Crore towards incentives APDISCOMs are claiming Rs. 961 Crore towards the same. Even when TSGENCO units provided less than one third of the projected quantity Rs. 60 Crore are mentioned' as incentives to it. Similarly, in the case of NCE units Rs. 217 Crore are mentioned as incentives even when power supplied from these units was below the projected quantity by more than 500 MU. These demand close scrutiny of DISCOMs' claims related to incentives/other costs. | As per the interim directions of the Hon'ble High Court, GBI incentive is supposed to be paid to the developers and accordingly a provision has been made subjected to the final judicial outcome on the issue. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table><tr><th>Source</th><th>Approved variable cost (Rs/Unit)</th><th>Actual variable cost (Rs/Unit)</th><th>Variance in variable cost (Rs/Unit)</th><th>% of variance</th></tr><tr><td>APGENCO</td><td>2.70</td><td>3.27</td><td>0.57</td><td>21.11</td></tr><tr><td>TSGENCO</td><td>2.27</td><td>2.90</td><td>0.63</td><td>27.75</td></tr><tr><td>CGS</td><td>2.41</td><td>2.88</td><td>0.47</td><td>19.50</td></tr><tr><td>APGPCL</td><td>2.14</td><td>2.45</td><td>0.31</td><td>14.49</td></tr><tr><td>IPP-Gas</td><td>2.10</td><td>2.57</td><td>0.47</td><td>22.38</td></tr><tr><td>IPP-Other</td><td>2.17</td><td>3.00</td><td>0.83</td><td>38.25</td></tr></table> | | Source | Approved variable cost (Rs/Unit) | Actual variable cost (Rs/Unit) | Variance in variable cost (Rs/Unit) | % of variance | APGENCO | 2.70 | 3.27 | 0.57 | 21.11 | TSGENCO | 2.27 | 2.90 | 0.63 | 27.75 | CGS | 2.41 | 2.88 | 0.47 | 19.50 | APGPCL | 2.14 | 2.45 | 0.31 | 14.49 | IPP-Gas | 2.10 | 2.57 | 0.47 | 22.38 | IPP-Other | 2.17 | 3.00 | 0.83 | 38.25 |
| Source | Approved variable cost (Rs/Unit) | Actual variable cost (Rs/Unit) | Variance in variable cost (Rs/Unit) | % of variance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| APGENCO | 2.70 | 3.27 | 0.57 | 21.11 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TSGENCO | 2.27 | 2.90 | 0.63 | 27.75 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CGS | 2.41 | 2.88 | 0.47 | 19.50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| APGPCL | 2.14 | 2.45 | 0.31 | 14.49 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IPP-Gas | 2.10 | 2.57 | 0.47 | 22.38 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IPP-Other | 2.17 | 3.00 | 0.83 | 38.25 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| <p>9.4 The above table shows significant increase in variable cost. While in the case of gas based APGPCL unit variable cost increased by 14.49% in the case of gas based IPP plants it increased by 22.38%. As the source of natural gas for all these plants is the same higher increase in variable cost of gas based IPP plants is puzzling. In the case of coal based power plants while unit variable cost of CGS units registered an increase of 19.5% coal based IPP plants have registered an increase of 38.25%. From APDISCOMS' filings it is not clear whether this increase in variable cost was because of less than efficient operations of these power plants or because of increased fuel (coal/natural gas) prices. It is also not known whether proportion of imported coal has increased. In the past the Commission had given clear directions on procurement of imported coal. In the background these gaps in information we request the Commission to direct the utilities to provide complete information (source, quantity and price; and calorific value of fuels procured and actual heat rate achieved) related to fuels.</p> | <p>Even though the source of gas is same to all the gas generating plants, gas transportation cost is different to different plants apart from differences in Station Heat Rates. This causes actual variable cost to differ among Gas based thermal power projects. Similarly, for Coal thermal stations also, the fuel linkage source, geographical location of the plant, transportation costs are different which alter the ultimate variable cost. Variable cost increase is mainly attributable to the increase in fuel & transportation costs.</p> |
| <p>10.1 As the third control period has ended final information related to T&D costs should have been available. The same shall also be used to decide the true up figures.</p> | <p>APDISCOMS are in the process of preparing True-Up filings for Network/Wheeling activity for the third control period. The Annual accounts for FY 2018-19 which is the final year of the 3rd Control Period are under CAG audit and once completed, filings will be made by the DISCOMS.</p> |
| <p>10.2 It seems by accident APDISCOMS provided some information on transmission related costs. They included it as a part of fixed costs of power generation units. While the Commission allowed Rs. 399.74 Crore towards PGCIL charges during FY 2017-18 DISCOMS' filings show that it had increased to Rs. 903.97 Crore even when all other transmission related costs declined significantly. The claim related to this needs to be examined.</p> | <p>APDISCOMS have been claiming variations in Transmission & SLDC Costs (STU & CTU related) through the Power Purchase Cost True-up claims only as the transmission charges are related to Power procurement activity.</p> |


Chief General Manager
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