# 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. 0/ -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

1. APSPDCL and APEPDCL, being independent entitles 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 crdre 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 crote, 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 trueup 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.

## **EPDCL** Response

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** 

- 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.
- 3. While supply of power from TS Gendo 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 Genço 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

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.

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.

Following the mutual regulation of purchase/supply of power between the entities of AP & TS from 11<sup>th</sup> 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.

3.

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

# Para No /Brief Issue

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. 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 powerfrom different sources, It needs to be clarified by the Discoms whether additional purchases bn 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" bf the powers-that-be who handled such purchases from VidyuthSoudha. It is a negation of the directions given periodically by the Hon'ble Commission dn additional power purchases to be made by the Discoms and reflects recklessness of the powersthat-be that they need not seek prior permission  $\dot{\phi}f$ the Commission for such purchases and their contempt for regulatory requirements questionable approach that the Commission would. or should give its consent to such purchases as and when they seek.

4. The Discoms have maintained that they have incurred fixed cost more by Rs.1786 crore against Rs.4026 crre 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

**EPDCL** Response

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.

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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.

During certain instances in the grid operations, Thermal Power Stations are

Para No /Brief Issue

**EPDCL Response** 

APPDCL), the Discoms have paid Rs.1786 crore 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. 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?

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.

The quantum of backing down & fixed charges paid to AP Genco stations for the above period is as furnished in the enclosed Statement.

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?

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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, is:

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.

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

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.

	Para No /Brief Issue		EPDCL,Response
	fixed costs determined by the Commission for	the	, 3 of , C
	station on 2.3.2019 cannot, and should not,	be	
	applied with retrospective. Therefore, we req	uest	the state of the s
	the Hon'ble Commission not to approve paymer		1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1
	additional sum of Rs.946.66 the Discoms I	ave	V. 2 31
	claimed to have paid to the said station under t		" in the training to
	up. When fixed cost was approved by		
	Commission for availability at 80% PLF and when		
	station could achieve 56.72% PLF only, liquid-		62.
	damages should be collected from SDSTPS-1		( · · · · · · · · · · · · · · · · · · ·
	generation and supply of power below thresh	hold	i ,
-	level.		100 171
7.		the	Ownership wise / Source wise variation in
	· · · · · · · · · · · · · · · · · · ·	ţhe	respect of the per unit variable cost is given in
	average variable cost for the year 2017-18, they have a second of the second of the year 2017-18, they have a second of the year 2017-18.	1	Table 15 of the petition.
	paid @ Rs.3.08 per unit. They have not explained	1	The increase in variable cost is due to increase
	reasons for paying higher variable costs. justification or otherwise for paying higher varia	The	in Basic price, Fuel Cost Adjustment (FCA)
	costs needs to be examined.	Jule	levied by the Coal / Gas companies and
	to be examined.	,	increased freight charges leveled by Railways and other transportation agencies.
8.	The Discoms have claimed that other costs paid	by	Other Costs include expenditures incurred on
	them increased to Rs.961 crore from Rs.408 cr		account of Additional Interest on pension
	approved by the Commission. They have	L	bonds, incentives paid if any and actual
	explained what those other costs are and why a s	1	payment of Income Tax. These are the
	of Rs.553 crore was paid by them. The justifican		prudent expenditures made by the DISCOMs
	and permissibility for paying such a huge amount	for	and submitted for admission in to the True-
	unexplained other costs need to be examined.		Up
·9.	We request the Hon'ble Commission to determ		As per Clause 1.2(a) of the MoU, GoAP agreed
	the amounts taken over or to be taken over by Go	1 1	to take over 75% of working capital term loan
	from the debts of the Discoms for the year 2017		of Rs.8461.75 Crs. and 100% FRP bonds of
	under UDAY and deduct the same from their true		Rs.2546.15 Crs. of the APDISCOMs
	claims. In the subject petition, the Discoms have		outstanding as on 30 <sup>th</sup> September, 2015.
	given the details of taking over of their debt by Go	AP	Accordingly GoAP issued G.o.Ms.No.27,
	under UDAY.		Energy Infrastructure & Investment (Power-I)
	*		Department, dt.26-07-2016.
	į		Surfrancing loans

	Outstanding loans
	as on 30-09-2015
Capex Loans	3712.49
Working capital	8461.76 -
Loans	, ;
FRP Bonds Liability	2546,15
Total	14720.40

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



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,	and the state of t		4. 4	1, 14, 14, 1 3	FRP bonds (R	s.2546.15	Crs.).		
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			[.		s '	EPDCL	SPDCL	Total	-
			[,	, , , , , , , , , , , , , , , , , , ,	Against 100% FRI	1205.95	1340.20	2546.1	5
	the Bolton of	•		, :	Bonds	,	· .		
	S. Something		:4	,	Against 75%	6 2094.53	4251.79	6346.3	2
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	the first wings.		17.		capital loan				ĺ
				,4 <sup>4</sup>	Total	3300.48	5591.99	8892.4	7
	the state of	•	1		As on date	GoAP has	taken o	er loans	as
	الم	٠.,	` ; ]		given below:				
٠		;			***	EPDCL	SPDCL	Total	
	, ,	٠ .			Against	904.46	1005.23	1909.69	
		Ş1		•	100% FRP	٠,			
	•			ا	Bonds				
				`	Against	2094.53	4251.79	6346.32	
	* ,				75%			•	
	top we		1.500 - 11/2	4 35	working				
ا, ،	4		274		capital				
	, s <sub>i</sub> , s			٠,	Ioan (	2998.99	5257.02	8256.01	
		ù		1	The Hon'ble				at
			. "}'	. * .	such amount		•		
				''	covered in	•	_		
ļ			1		prevailing reg		· · · · · · · · · · · · · · · · · · ·	p	
	10. We request the Hon'ble Commis	sion	to direc	t the	<del></del>	Vis are	complying	with tl	he
"	Discoms to seek additional sub	sidy	requirec	f for	directions of	the Hon't	le Commi	ssion in th	nis
	purchases made in market fa	ar, e	xceeding	the	regard. Mark	et procure	ment has	been carrie	ed
Ì	quantum permitted by the Com					gh èxcha	_		ng
	other sources from GoAP, since		1 1		arrangement	or DEEP E	bidding po	ortal.	
	prior approval of the Commissi	•			*;	• •		• .	
.	additional quantum, procedure t				, r		·	·	
	real and transparent competitive		1 3 1		3				
	tariff. The powers-that-be should to scrupulously adhere to regulate			.0	<i>‡</i>				
	the Commission for purchasing po	•	1						
	power.	MCI	and addit	LIUIIGI	,				
	11. Carrying cost claimed by the Disc	oms	to the time	ne of	For the reas	ons bevon	d in the co	ontrol of the	he
	Rs.660 crore under true-up is no			٤ I	DISCOMs, tl	•			,
	request the Hon'ble Commission		1' '3' 1	, ,	submitted w		•		
	for carrying cost. The Discoms ha		l' è	·	has been clai	_			
'	true-up claims in time and the cor				requested to	condone 1	the delay	and appro	ve
	be penalised for delay caused l				the True-Up	claim inclu	ding carr <u>y</u> i	ng costs.	
	submitting the same.		`.'.'	.	•				
	The state of the s		'-	;					

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

Yours faithfully

Chief General Manager 1919
PPA, RA & QC
APEPDCL::VISAKHAPATNAM

Copy submitted to

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

# AP DISCOMS Back Down Fixed Cost for FY 2017-2018

<b>4</b> -	•									
	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)	8	(j) = (j)/(f)*10
		AP GENCO -Thermal								
		Dr.NTTPS Stage-I								
	•	Dr.NTTPS Stage-II, ;	1_	T260.00	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
, ,	2017-18	RTPP Stage-I	1	420.00	2590.91	447.59	21,43.31 - ;	242.98	-41.97	0.94
		RTPP Stage-II	Thermal	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	•
a r		Thermal Incentive for FY 2016-17		0.00	0.00	0.00	0.00	1.17	0.00	
ť,	,	FCA for 2016-17	· · · · · · · · · · · · · · · · · · ·	0.00	0.00	0.00	0.00	0.00	0.00	
		Total TSGENCO -Thermal	Thermal	3410,00 ·	15714.76	1720.01	13994.75	1788.10	205.15	1.19
ì		APPDCL (Krishnapatnam) -Thermal	.,							
-	7647.48	SDSTPS-I	-Thermal							*
ر ۱		SP315415.		. 00.00	59Ub.49	1423.54	4482.95	1403.90	3,38.36.	. ,
		Total APPDCL (Krishnapatnam) -Thermal		100.00	5906.49	1423.54	4482.95	1403.90	338.36	2.38
	•	CGS - Thermal								
	2017-18	NTPC (SR) Ramagundam St.1&II		274.23	2109.43	* 354,11	. 1755.32	134.11	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
		MTPC (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 - 1	Lignite	47.60	326.04	: ,112.98*	.213.06	21,18	7.38:	0.65
ţ	£	NLC-Stage - II	, ; ,	₹ 86.87 😅	. 639.84	216.83	423.01	-35:93	12.17	0.56
i	,	NPC (MAPS)	: -	18.39 *	104.96	0.00	. 104.96		. 0.00	,
	2017-18	NPC (Kaiga Unit-I,II & III)	Atomic	116.22	· . 915.84 ·	0.00	9,15:84- · · §	Single'Part Tariff	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
		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) Thermal	Thermal					50.16	0.00,	

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	Year	Source	Plant	Installed Càpacíty (MW)	` Available energy (MU)	Backdown energy (MU)	Energy Purchased ` (MU)	Total FC (Rs Cr)	FC gaid due to Back down (Rs Cr)	Per Unit Cost of Backdown Rs per unit	<b>).</b>
	(a)	(q)	(c)	(b)	(e)	(£)	(g)	(h)	(1)	(j) = (i)/(f)*10	,
		Bundled Power under JNNSM Ph- I & Ph-II		539.18	2632.42	0.03	2632.39	Single Part Tariff	00.00	0.00	•
		Total CGS - Thermal		2330.59	15259.53	2488.10	12771.43	1316.26	278.56	1.12	
	1	IPP - Thermal (Hinduja, SEIL & KSK)		. ,			•				
		Hinduja National Power Corp Ltd(HNPCL)		1040.00	4182.25	86.868	3283.78	0.00	00:0	0.00	-
	2017-18	Thermal Powertech Corporation India .	Thermal .	230.55	1876.47	126.02	1750.45	309.84	. 20.81	1.65,	#' ************************************
				400.00	2108.58	. 228.43	1880.14	\$ 66.092	28.27.	1.24	
		Total IPP - Thermal (Hinduja, SEIL & KSK)		1670.55	8167.29	1253.43	6914.38	570.83	. 49.08	0.39	٠
		GENCO-Hydel					1				
		Srisailam -RBPH	Hydel	770.00	558.92	00.0	558:92	168.89	0.00		3 14
ؤ و :		NSRCPH	,		56.54	00'0	. 56.54.	17.74	0.00		The state of the s
		Upper Sijeru		240,00	474.67	0.00	471.67	55.84	0.00		1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
		Lower Sileru		460.00.	. 1087.39.	00.0	1087.39	. 107.03	0.00	3 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
		Donkarayi		25.00	118.17	00:0	118.17.	5.82	. 0.00	3	
1		Permaahobilam	1 .	20.00	3.68	0.00	3.68	10.44	0.00		***
	. ; <sup>1</sup>	Mini Hydel (Chettipeta)	ianku	1.00	2,25	00:00	2.25	0.77	0.00		
	•	Ramagiri Wind Mills		00:00	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	00:00	233.83	25.35	. 0.00		
		TB Dam		. 57.60	70.84	0.00	. 70.84	17.38 : .	00.0		
		NSTPHES 16-17 & 18-19	,		21.64	0.00	21.64	29.96	. 0.00		•
		Interest on Pension Bonds		0.00	00.0	00:0	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	00.00	. 47.59	.00:00		
A 1		Total GENCO-Hydel.,, **	,	1797.60	.7. 2655,01	00.00	2655.01	.1196.09	0.00	, m m,	The second secon
, ì			1	A	* *** ** ** ** **	, J	***	* 3		** * * * * * * * * * * * * * * * * * *	4 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
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	*, ;			* 1	27-18						01-/TO	2017		(a)		· 🐔
Grand Total	Total Others (Including Swapping)	Canala functional Study	Othore (Inching Cumming)	NRE - Others	NRE - Wind	NRE - Solar	Total IPP- GAS (GGPP, GAS IPPS & APGPCL)	APGPCL -Stage -II	APGPCL -Stage-I	SRIVATHSA POWER	LANCO Kondapalli	Spectrum Power	Godavari Gas Power Plant (Now Own Source previously GVK-I)	(b)		Source
				bio-mass,	Wind	Solar	ر د د				Gas			(c)		Plant
22990.75	÷ 9065.10 ⇔ ÷	المرقوق المراقعة	30.5.	. · · · 579.10 · · · ·	3931.00	4555.00	834.41	24.96 <u>;</u> ۴ خَرِد،	9.33	17.20	361.92	205.00	216.00	(d)		Installed Capacity (MW)
51660.23	0.00	15 6 3, 20, 11.					2464.27	113.32	33.69	53.44	645.08	561.05	1057.69	(e)	,	Available energy (MU)
6912.34	0.00	51 0.00		0.00	0.00	0.00	27.26	0.00	0.00	0.00	0.04	0.65	26.57	(f)		Backdow̃n energy (MU)
44747.55	, 00.0	200	4	, į			2436.14	113.32	33.69	53.44	645.05	560.40	1030.25	(g)		Energy Purchased (MU)
6580.00	100.0°			00:00	0.00	0.00	105.19	7.38	4.11	3.17	64.30	5.00	.21.23	(h)	•	Total FC (Rs Cr)
871.70	0.00	1. 4.00:0:		0,00	0.00	0.00	0.55	0.00	0.00	0.00	0.004	0.01	0.53	(i)	,	FC paid due to Back down (Rs Cr)
1.26	v <sup>2</sup> a J				-		0.20	, , , , , , , , , , , , , , , , , , ,			1.00	0.15	· 0.20	(j) = (i)/(f)*10		FC paid due to -Per Unit Cost of Eack down (Rs Backdown Rs Per unit Per unit
	•		ı.					i de la companya de l								1.

CHIEF GENERAL MANAGERY PPA, RA & OC 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. M. Venugopala Rao, Senior Journalist & Convener, Centre for Power Studies, H.No.7-1-408 to 413, F 203, Sri Sai Darsan Residency, Balkampet Road, Amperpet, Hyderabad — 500 016.

Email: vrinummareddi@gmail.com

Lr.No.CGM/PPA, RA&QC/EPDCL/VSP/RAC/F:True-Up/D.No. 191 /19, de 4 -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 tranks. 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 R\$.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 crdre. including a carrying cost of Rs.573 crore. Whatever be the true-up amounts that the Honfule Commission is going to permit, its impact on consumers should be confined to the respective trueup 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.

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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.

Para No /Brief Issue

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 IRPs 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 type 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.

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.

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.

3: While supply of power from TS Genço 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. earlier occasions, the Discoms claimed that they were purchasing power additionally from AP Genco, iner, 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

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Following the mutual regulation of purchase/ supply of power between the entities of AP & TS from 11<sup>th</sup> 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.

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

# →Para No /Brief Issue

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 Lando. 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 powerfrom 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" the powers-that-be who handled such purchases from VidyuthSoudha. It is a negation of the directions given periodically by the Hon'ble Commission of 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 questionable approach that the Commission would or should give its consent to such purchases as and when they seek.

# **EPDCL Response**

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.

4. The Discoms' have maintained that they have incurred fixed cost more by Rs.1786 crore against Rs.4026 crre 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

Thermal Generating stations located in Telangaria 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.

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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 It confirms that compared to the additionally. guantum 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?

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.

The quantum of backing down & fixed charges paid to AP Genco stations for the above period is as furnished in the enclosed Statement.

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 97.88 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 station-wise and unit-wise?

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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.

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.457126

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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

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	Para No /Brief Issue			EPDCL Response
	crore @ Rs.1.02 per unit for the year 201	7-18	the	within the purview of the Hon'ble APERC.
	fixed costs determined by the Commission	n for	the	The Factor of the Fight ble AFERC.
l	station on 2.3.2019 cannot, and should	not	be	
j	applied with retrospective. Therefore, we	e rec	Jest	ostoja a
	the Hon'ble Commission not to approve pa	vmen	tof	
1	additional sum of Rs.946.66 the Disco	ms h	av.	
	claimed to have paid to the said station un	der t	·ije:	
	up. When fixed cost was approved:	by ]	the	
	Commission for availability at 80% PLF and v	when	the	
-	station could achieve 56.72% PLF only, li	iquida	ted	
	damages should be collected from start	PS-2	for	
1	generation and supply of power below t	hresh	old-	27.8 1
-	level.		•	
	7. The Discoms have claimed that wh	nile	the	Ownership wise / Source wise variation in
İ	Commission approved Rs.3.01 per unit	as	thé	respect of the per unit variable cost is given in
	average variable cost for the year 2017-18, the	hey h	ave !	Table 15 of the petition.
	paid @ Rs.3.08 per unit. They have not expla	ined	the	The increase in variable cost is due to increase
	reasons for paying higher variable cos	sts.	hei	in Basic price, Fuel Cost Adjustment (FCA)
	justification or otherwise for paying higher	varia	ble	levied by the Coal / Gas companies and
	costs needs to be examined.	•	ļ	increased freight charges leveled by Railways
F	The Di			and other transportation agencies.
١٤	. The Discoms have claimed that other costs	paid	by L	Other Costs include expenditures incurred on
	them increased to Rs.961 crore from Rs.40		re   a	account of Additional Interest on pension
1	approved by the Commission. They ha	ave in	ot H	bonds, incentives paid if any and actual
-	explained what those other costs are and wh	y a su	ım   į	payment of Income Tax; These are the
	of Rs.553 crore was paid by them. The justi	ificati	on   p	prudent expenditures made by the DISCOMs
	and permissibility for paying such a huge amo	ount f	or   a	and submitted for admission in to the True-
a	unexplained other costs need to be examined	• •		Jp
	. We request the Hon'ble Commission to det	termi	l'	As per Clause 1.2(a) of the MoU, GoAP agreed
	the amounts taken over or to be taken over b	y Go	AP   t	to take over 75% of working capital term loan
	from the debts of the Discoms for the year 2	2017-1		of Rs.8461.75 Crs. and 100% FRP bonds of
	under UDAY and deduct the same from their	true-l		Rs.2546.15 Crs. of the APDISCOMs
	claims. In the subject petition, the Discoms has given the details of taking over of their debt b	ave n		outstanding as on 30 <sup>th</sup> September, 2015.
	under UDAY.	y Go		accordingly GoAP issued G.o.Ms.No.27,
			E	nergy Infrastructure & Investment (Power-I)
	· ·			Department, dt.26-07-2016.
				Outstanding loans
				as on 30-09-2015
				Capex Loans 3712.49
	• [		- ! [ '	Working capital 8461.76

	,	standin on 30-09	g loans 9-2015
Capex Loans	371	2.49	•
Working capi	tal 846	1.76`	
Loans	1	• . • . •	
FRP Bonds Liability	/ 254	6.15	;
Total ·	147	20.40	

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



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/F-	2 4	ryt.	•		•	•	*.y <sup>3</sup> :	13,37				and 100% of
1		1	ا و		•	*	•	(1.0°)	FRP bonds (R	s.2546.15	Crs.).	
· .	. :		j, - '			•	:	).,	,	•		
		,	,,,		,			i.i.		FDCCI	CDDCI	Tetal
<b>.</b>		٠, ٠,٠			,			*		EPDCL	SPDCL	Total
	ł		भारता । भारतास्त्रा	, ,				7, 7 7, 14,	Against	1205.95	5   1340.20	0 <b>2546.15</b>
1		.' ı'.		•				T.	100% FRI	?		
1						;	;; ,		Bonds			
↓.		٠.	ship in	•		٠.		3 4	Against 75%	6 2094.53	3   4251.7	9 <b>  6346.32</b>
1:			10 m				14	) ( ú	working		-   '	
	, ;′		XXX	•			. ' '~	*.	capital loan	11 **		
		ا آدار پارس			٠	Tr P	ړ* د	· 	Total 🖔	3300.48	5591.9	9 8892.47
	•	`. *	rain Co			•	."		As on date	GoAP" has	s taken o	ver loańs as
.	•		3 ·	•		*			given below:			
1						`1.	, ,	<u>, , , , , , , , , , , , , , , , , , , </u>	\$	EPDCL.	SPDCL	Total
			* •				, ,	î.,.	Againšt	904.46	1005.23	1909.69
							7.09		100% FRP	204,40	1000,20	2555.55
1					1			ار <sub>ال</sub> ا	Bonds			
		٠.,				-		, , , , , , , , , , , , , , , , , , ,		2004 52	4254 70	6346.32
		•		•		.•	1 3	ا المماملات	Against	2094.53	4251.79	0540.52
1.		٠,,	).	:				10.0	75%			
'		• • • • • • • • • • • • • • • • • • •						*	working	· .		
1.		- 1					<b>.</b>	,	capital			
	``	"	* * *					~, .	loan			
			دورو				٠,	27	Total	2998.99	5257.02	8256.01
İ	•	. ,	, ,,,						The Hon'ble	Commissio	on is reque	sted to treat
		17 (	١,			,	a	程表	such amount	ts /loans p	ertaining	to PP cost as
	•		rear again	•			· 4	7. 73 T	covered in	the UDAY	scheme,	as per the
		٠,١	1.5				*1	•••	prevailing re		·	•
1	Λ.	١٨١٥	regijest	the Hon'	ble Comr	nissio	n to dir	ect the		Vis are	complying	with the
-					ditional s					, ,		ission in this
		ないな	ichiii is i ro	nada in	market	får	ovcoodi	ng the	1 . ,			been carried
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					GoAP, sind				arrangement	. OI DELI E	. Didding p	ortan,
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		the	Commiss	ion for p	urchasing	powe	r and ad	ditional	;			
			ver.		•			,	. ,	,		
					by the Di				· •			ontrol of the
		Rs.6	660 crore	under t	rue-up is	not p	ermissi	ple. We	DISCOMs, t	he True-U	Jp claims	have been
ŀ					Commissic				submitted w	ith a delay	and carry	ing cost also
					Discoms				ì	•	-	ommission is
Ì					and the o				1			and approve
			-		ay caused				the True-Up		-	
			mitting th			~ ,	].	1,	<u>;</u>		J /	J
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Para No /Brief Issue

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.

EPDCL Response

Within the purview of Hon'ble APERC.

Yours faithfully

Chief General Manager 1019
PPA, RA & QC
APEPDCL::VISAKHAPATNAM

Copy submitted to

The Secretary, APERC, 4<sup>TH</sup> 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
	AP GENCO -Thermal								
	Dr.NTTPS Stage-I						l l		
	Dr.NTTPS Stage-IL.		1260.00	6605.91	447.04	6158.87	.558.62	37:80	0.85
	Dr.NTTPS Stage-III				-		1		
	Dr.NTTPS Stage -IV		500.00	2659.72	187.71	2472.01	387.17	27.32	1.46
2017-18	RTPP Stage-I	٠.	420.00	2590.91	447.59	2143.31	242.98	41.97	0.94
2017-10	RTPP Stage-II	Thérmal	420.00	2755.84 ~	466.70	2289.14	370.93	62.82	1.35
	RTPP Stage-III		210.00	1102.38	Ĩ70.96	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	~ ·
٠.	FCA for 2016-17		0.00	Ö.00	0.00	, 0.00	0.00	0.00	
	Total AP GENCO -Thermal	ملدحہ محد	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	1 ,
	APPDCL (Krishnapatnam) -Thermal				•				· .
2017-18	SDSTPS-I ,	Thermal	1,000,00	F00C 40	: 4402.54				1
TAT1.10	SDSTPS-II	,	1600.00	590,6.49	1423.54	4482.95	1403:90	338.36	7
•	Total APPDCL (Krishnapatnam) -Thermal		1600.00	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	, 354,1,1.	1755.32	124.11	' 20.83	0.59
TOT1-10	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
<del></del>	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	1,1.04	17.17	1.95
	.NLC -StageI :	Lignite	47.60	326.04	112.98	1 213.06	7 21.18.	7.38	. 0,65 .,
, ;	NLC-Stage - JI	Lignite	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	, ,,
2017-18	NPC (Kaiga Unit-I,II & III)	Atomic	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		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)	Thermal					50.16	0.00	

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	r	<u>* 1</u>	1									, , , ,
P yawrala	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	<b>.</b>
	(a)	(b)	<u>(</u>	(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	1		2330.59	15259.53	2488.10	12771.43	1316.26	278.56	1.12	
ť	and a	IPP - Thermal (Hinduja, SEIL & KSK)	<b>1</b>	- 2,					4 .			
		Hinduja National Power Corp Ltd(HNPCL)			1040.00	4182.25	898.98	3283.78	0.00	0.00	0.00	
	2017-18	Thermal Powertech Corporation India	(b) N	Thermal	230.55	1876.47	. 126.02	1750.45	309.84	· 20.81	1.65	·
· -	Agricultural from Early and	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										
		Srisailam -RBPH	]	Hydel	770.00	558.92	0.00	558.92	168.89	0.00		
h	_	NSRCPH			90.00	56.54	0.00	56.54	. 17.74	0.00		To hongraphicalizate steeps "
	3.77	Upper Stieru	1		240.00	471.67-	·· " ·· 0.00	471:67	55.84 - ₹ %	0:00	1 2 2023	
mrcie il	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Lower Sileru		2,4	460.00	- ÷ :1087.39.	0.00	1087.39	107.03	0:00	-	, , ,
	/	Donkarayi .		1	25.00	118.17	0.00	118.17	5.82	0.00		
		Pannaahobilam	)	111.1	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		] .
	2017-10	Machkund	į	1	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	i i	·		21.64	0.00	21.64	29.96	0.00		]
		Interest on Pension Bonds	<del></del>		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 2014-15,2015-16,2016-1			0.00	0.00	0.00	0.00	47.59	- 0.00 ·		a garage of states yas the Thomas which had committee the
, a property	in water to a many	Total GENCO-Hydel		1 20 1 marion	1797.60	,2655.01	0.00 1 ""	`` `` `265 <b>5</b> :01`` ``	1196.09	0.00 ፣. `.		The supplied the state of the s
	5	IPP- GAS (GGPP, GAS IPPS & APGPCL)	j- 3-		Contract that the state of	- many extended to here	min 25 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	*******	40 Sept 4		* * * * * * * * * * * * * * * * * * * *	يه وه يو ه يو ه يو اد ام الا جمود اليمان يستون اليمان
مر د که د د که د د د دروو د نشر برجو	The second of th	The transfer of the state of th	y	و مروب السوي مه معطير المه معارف المه مه المه المه المه المها		eris to war a 3 assessor to the control of the cont	THE WAS TO PAY TO THE WAS TO THE	and the state of t	A SE SE SE SE SE SE SE SE SE SE SE SE SE	The second secon		
		<u> </u>										

y <b>⊕</b>	Source	Plant	Installed Capacity (MW)	**-*Available energy (MU)	Backdown energy (MU)	Energy Purchased (MU)	Total		FC.paid;due to Back down (Rs Cr)	Per Unit Cost of Backdown Rs per unit
(a)	(b)	(c)	(d)	(e)	(f)	(g)	<u> </u>	(h)	(i)	(j) = (i)/(f)*10
	Godavari Gas Power Plant (Now Own Source previously GVK-I)		216.00	1057.69	26.57	1030.25	) 12	1.23	0.53	0.20
2047.40	Spectrum Power		205.00	561.05	0.65	560.40	.]5	5.00	0.01	0.15
2017-18	LANCO Kondapalli	Gas	361.92± > 1¢0	¥≈ 645.08	0.04	645.05	þ	4.30 1	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	14	1.11	0.00	
	APGPCL -Stage -II		24.96	113.32	0.00	113.32	1	7.38	0.00	C
	Total IPP- GAS (GGPP, GAS IPPS & APGPCL)		834.41	2464.27	27.26	2436.14	1	5.19	<b>0.</b> 55	0.20
	NRE - Solar	Solar	4555.00		0.00			0.00	0.00	,
2017-18	NRE - Wind	Wind	3931.00		0.00			).00 ·	0.00	
	NRE - Others	bjo-mass,	579.10	• <u>*</u>	0.00	7- 5	. 4	1.00	- 0.00 · }	- 15t - 4
	Others (Including Swapping)	233	ii 1 ii ii ii ii ii ii ii ii ii ii ii ii	भंगडः, ५७०५	∵ु 0.00 <u>;</u> :		- 7	0.00	· 0:00 %	0.000
•	Total Others (Including Swapping)		9065.10		: #7. # <b>0.00</b> **	0.00	7	.00	0:00	交流器
	, Grand Total	Anna and the seconds.	22990.75	51660.23	6912.34	44747.55		30.00	871.70	1.26

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

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

From

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

To

Sri. Ch.Narasingaro, 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. 4-10-2019

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:

# #ara No /Brief Issue

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, SADCL has shown a total true-up claim of Rs.2828 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.

# **EPDCL** Response

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 Fower 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.

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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 lessen 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.

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.

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.

3. While supply of power from TS Genco is lesser by 5475 mu, additional purchase from AP Gencois 3410 mu only. Obviously, it is much lesser than what AP Gence should have supplied to TS Discoms 400 On earlier occasions, the Discoms claimed that they - were purchasing power additionally from AR 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 

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Following the mutual regulation of purchase/supply of power between the entities of AP & TS from,11<sup>th</sup> 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.

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

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 Hom 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 powerfrom 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 questionable approach that the Commission would or should give its consent to such purchases as and when they seek.

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.

The Discoms have maintained that they have incurred fixed cost more by Rs.1786 grore against Rs.4026 crre approved by the Commission. While the fixed cost paid to ther nal 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 54.75 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

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.

During certain instances in the grid operations, Thermal Power Stations are

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APPDCL), the Discoms have paid Rs.1786 crore It confirms that compared to the additionally. quantum of power not purchased from TS Gencoland the quantum of power purchased additionally from AP Genco, on an average the Discoms have paid higher fixed charges per unit to AP Genço. 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?

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.

The quantum of backing down & fixed charges paid to AP Genco stations for the above period is as furnished in the enclosed Statement.

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?

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.

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.3.68 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

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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.

Γ	35.	A	, : 	· · ·		estanta (
	Para No /Brief Issue		•	ζ· .	* F	PDCI Response 11
	fixed costs determined by the Comstation on 2.3.2019 cannot, and applied with retrospective. Therefore the Hon'ble Commission not to approadditional sum of Rs.946.66 the claimed to have paid to the said statup. When fixed cost was approximately commission for availability at 80% PL station could achieve 56.72% PLF commages should be collected from generation and supply of power between the control of the con	shoul re, vove for Disconding ion undergoved for and solly,	d not, ve requestions had not trained to the second trained to the second trained to the second trained  be est of ave he he for	31.	PDCL Response	
7.	The Discount of the Control of the C	٠٠	•		.7	
,.	Commission approved Rs.3.01 per average variable cost for the year 2017 paid @ Rs.3.08 per unit. They have no reasons for paying higher variable justification or otherwise for paying costs needs to be examined.	7-18; t exp	t as t they ha lained th	ne' ne le	respect of the per Table 15 of the per The increase in va- in Basic price, F levied by the	/ Source wise variation in runit variable cost is given in etition.  Ariable cost is due to increase uel Cost Adjustment (FCA Coal / Gas companies and charges levisled by Bailway

- 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.
- 9. We request the Hon'ble Commission to determin 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.

se 4) increased freight charges levéled by Railways and other transportation agencies.

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

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<sup>th</sup> September, 2015. Accordingly GoAP issued G.o.Ms.No.27, Energy Infrastructure & Investment (Power-I) Department, dt.26-07-2016.

1	Outstanding loans as on 30-09-2015
Capex Loans	3712.49
Working capital Loans	8461.76
FRP Bonds Liability	2546.15
Total	14720.40

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



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periodical administration of the control of the con

### Para No /Brief Issue **EPDCL Response** FRP bonds (Rs.2546.15 Crs.). 1". 1.00 **EPDCL SPDCL** Total 1205.95 1340.20 2546.15 Against 100% FRP Bonds 6346.32 Against 75% 2094.53 4251.79 working capital loan Total : 3300.48 | 5591.99 | 8892.47 As on date GoAP has taken over loans as given below: **EPDCL SPDCL** Total Against . 904,46, 1005.23 1909.69 100% "FRP Bonds 1 2094.53 4251.79 6346.32 Against 75% working capital loan 2998.99 | 5257.02 | 8256.01 Total i 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 The DISCOMs are complying with the Discoms to seek additional subsidy required for directions of the Hon'ble Commission in this regard. Market procurement has been carried purchases made in market far exceeding the quantum permitted by the Commission and from through exchange or swapping out arrangement or DEEP E bidding portal. 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. For the reasons beyond in the control of the 11. Carrying cost claimed by the Discorns to the tune of Rs.660 crore under true-up is not permissible. We DISCOMs, the True-Up claims have been submitted with a delay and carrying cost also request the Hon'ble Commission to reject the claim has been claimed. The Hon'ble Commission is for carrying cost. The Discoms have to submit their requested to condone the delay and approve true-up claims in time and the consumers should not be penalised for delay caused by the Discoms in the True-Up claim including carrying costs. submitting the same. 3 , 14

Para No /Brief Issue		· EPDCL Response	
12. We request the Hon'ble Commission to provide us	an	Within the purview of Hon'ble APERC.	•
opportunity to make further submissions in pers	o'n	•	
during the public hearing after receiving responses	of	1	
the Discoms to our above-mentioned submission	กริ		
and studying and analysing the same.			

Yours faithfully

Chief General Manager 10 19
PPA, RA & QC
APEPDCL::VISAKHAPATNAM

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

# AP DISCOMS Back Down Fixed Cost for FY 2017-2018

	_		,						<u>,                                      </u>			_
	Year	Source	Plant	Installed Capacity · (MW)	Available energy (MU)	Backdown energy (MU)	Energy Purchased · (MU)	Total	FC (Rs Cr)	FC paid due to Bạck down (Rs Cr)	Per Unit Cost of Backdown Rs per unit	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)		(  (h)	(i) ·	(j) = (i)/(f)*10	ĺ
		AP GENCO -Thermal									<i>37</i> (2.7)	
		Dr.NTTPS Stage-I	,									ĺ
٠.		Dr.NTTPS Stage-II	] : 🗬	1260.00	6605.91	447.04	6158.87		58.62	37.80	0.85	
		Dr.NTTPS Stage-III			_				•		,	
		Dr.NTTPS Stage -IV		500:00	2659.72	187.71	2472.01	3	<del>87,17</del> .	27,32	1.46	
	·2017-18	RTPP Stage-I		420.00	2590.91	447.59	2143.31	1	42.98	41.97	0.94	
, -	'	RTPP Stage-II	"Thermal	<sup>*</sup> 420.00	2755.84	. 466.70	2289.14	3. 3	70.93	62.82 -	1.35	
		RTPP Stage-III		210.00	1102.38	170.96	931.42	2	27.22	35.24	2.06	
		RTPP Stage-IV		600.00	0.00	0.00	0.00		0.00	0.00		
	ļ	Thermal Incentive for FY 2016-17	]	0.00	0.00	0.00	0.00		1.17	0.00		
		FCA for 2016-17	<u> </u>	0.00	-0.00	0.00	0.00	, }	0.00	0.00		1
	ļ 	Total AP GENCO -Thermal		3410.00	15714.76	1720.01	13994.75	1788.10 205.15 199.63 .0:00	1.19	- P		
		Total TSGENCO -Thermal	Thermal	2282.50 7 /	1492.89	0.00	1492.89	į	99.63	.0:00	. "	
		APPDCL (Krishnapatnam) -Thermal	]	•				ļ				
**	2017-18	SDSTPS-I ,	Thermal	1600.00	5906.49_	1423.54	4482.95	. 1	103.90	. 338.36		
		SDSTPS-II		- 10.0.00	5500.45	1425.54	4462193		*05.50	556.56	*	Ŀ
		Total APPDCL (Krishnapatnam) -Thermal		1600.00	5906.49	1423.54	4482.95	1	103.90	338.36	2.38	
		CGS - Thermal				* -				•		
	2017-18	NTPC (SR) Ramagundam St.I&II	]	274.2\$	. 2109.43	* 354.11	1755,32	- 4.	24.11	20.83	ე.59 -	
	202, 20	NTPC (\$R) Simadri Stage 1	Thermal	461.10	.3180.58	495.69	2684.89	À	42.97 ·	*•69.04	1.39	
	•	NTPC (SR) Simadri Stage 2		188.64	1435.91	421.26	* 101 <u>4</u> .66	. 2	03.06	59.57	1.41	
		NTPC (SR) Talcheru St.II		175.32	1300.11 '	104.90	1195.21	18	31.28	6.56	) 0 <u>.</u> 63	
		NTPC (SR) Ramagundam St.III	Thermal	68.92	558.13	84.15	473.97	1	31.43	4.74	59.57     1.41       6.56     0.63       4.74     0.56       17.17     1.95	
		NTECL Valluru Thermal Power		87.93	568.11	8्7.83	480.28	1	11.04	17.17		
	`	NLC -Stage - I	Lignite	47.60	326.04	112.98	-213.06	_ }	21.18	- 7.38		,
· ~ .		NLC-Stage - II	## <sub>4</sub> **	· 86,87 :	639.84	216.83 -	423.01	1	35.93 -	12.17	- 0.56	.;
,	2017-18	NPG (MAPS)	4 1	18.39	· 104.96 ·	- • 0.00 • `-	104.96		, , , , , , , , , , , , , , , , , , , ,	0.00		
		NPC (Kaiga Unit-I,II & III)	Atomic	116.22	1 915.84	0.00	915.84 - ,	Single	Part Tariff	0.00 ·1	·	
		NPC KUNDANKULAM (arrear Bill)			, 1	·	, 1		-	0.00	1	
		NLC Tamilnadu Power Ltd Stage.1		123.15 .	'833.50 :	· 230.01	603.48	1	43.80	- 39:68	. 1.73	١.
		NTPC Kudgi Stage-I (New Thermal Station)		143.04	654.66	380.30	274.36	}	71.30	41.42	1.09	ĺ
	2017-18	Aravali Power Company Limited (IGSTPS) (Arrear Bill)	Thermal					]	50.16	0.00		

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	Year	Source	ì	Plant	Installed Capacity (MW)	Available*~ - energy (MU) -	" Backdown " energy (MU)	` Energy Purchased (MU)	Total FC (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-1 & Ph-11			539.18	2632.42	0.03	· 2632.39	Single Part Tariff	0.00	0.00
		Total CGS - Thermal	, <u> </u>		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
- <del></del>	Plant	126.02	1750.45	309.84	20.81	1.65					
٠.	***	KSK Mahanadi Power Co.Ltd	Plant   Installed Capacity   Available   Genergy (MU)   Energy (MU)	1.24							
	:		k }	,	1670.55	8167.29	1253.43	6914.38	570.83	Cr) Back down (Rs Cr) Backdown R per unit (i) (j) = (i)/(f)*1  (ii) (j) = (i)/(f)*1  0.00 0.00  278.56 1.12  0.00 0.00  20.81 1.65  28.27 1.24 -  49.08 0.39  0.00	0.39
		GENCO-Hydel									
		Srisailam -RBPH	þ	Hydel *	770.00	558.92	0.00	<u>\$</u> 558.92 *	<del></del>	0:00	<u> </u>
سترسور مهري	<del>,</del>	<del> </del>		; ; ; ;			0,00			1	- g ·-
		Upper Sileru	- :	to number than	240.00	471,67	~ · · · · · · · · · · · · · · · · · · ·	471.67		0.00	
. استان م <sup>الک</sup> دونانده	, <sup>†</sup> ,	Lower Sileru	) is		. 460.00	1087.39	0.00	1087.39	107.03	:- 0.00	:
	,	Donkarayi	<u> </u>			118.17	0,00	118.17	ļ	. 0.00	
	•	Pennaahobilam	li	Hydel	20.00	3,68	0.00	3.68		. 0.00 .	
	•	Mini Hydel (Chettipeta)-		11,440,	1.00	2.25	, 0.00	2.25	0.77	0.00	. ,
		Ramagiri Wind Mills	1	1	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	<b></b>		57.60	70.84	0.00	70.84	17.38	. 0.00	
		NSTPHES 16-17 & 18-19	50.00     30.07     0.00     30.0       84.00     233.83     0.00     233.8       57.60     70.84     0.00     70.8       9     21.64     0.00     21.6	21.64	29.96	0.00					
	· ·	Interest on Pension Bonds	1		0.00	0.00	0.00	0.00	684.11 ` `	0.00	
		Income Tax for FY 16-17	<u> </u>		0.00	0.00	0.00	0.00	3.06	0.00	
					0.00	0.00 .	0.00	0.00	47.59	- 0.00	·.
***			Ķ.	3,00	<u> </u>			2655.01			- 1 Left - 1 3 3
	** *** * * * * * * * * * * * * * * * *	IPP- GAS (GGPP; GAS IPPS & APGPCL)	1	]					1		1
e e				46 4	The second secon	The second secon				er en en en en en en en en en en en en en	
•			1								

	/	78					**			
Y	Source	Plant	Installed Capacity (MW)	Available (	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
	Godavari Gas Power Plant (Now Own Source previously GVK-I)		216.00	1057.69	26.57	1030.25	21.2		0.53	0.20
2017-18	Spectrum Power		205.00	561.05	0.65	560.40	5.0	0	0.01	0.15
2017-18	LANCO Kondapalli	Gas	361.92	<b>%</b> (645.08	0.04	645.05	, 6/1.3	30 15	₩ 0.00¥	1.00
	SRIVATHSA POWER		17.20 ′	53.44	0.00	53.44	\$.1		0.00	
	APGPCL -Stage-I		9.33	33.69	0.00	33.69	J.1	-	0.00	
	APGPCL -Stage -II		24.96	113.32	0.00	113.32	<b>7.</b> 3	8	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		0.0	0	0.00	
2017-18	NRE - Wind	Wind	3931.00		0.00		÷().0	0	0.00	-
	NRE - Others	bio-mass,	579.10		0.00		0.0	0	0.00	
	Others (Including Swapping)	<del></del>		77.	T (# 2 0.00 · · ·		0.0		0.00	***************************************
*** 49-4	Total Others (Including Swapping)		9065.10	0.00	**2°0.00	0.00	h.u		0.00	. 7.17
	Grand Total		22990.75	51660.23	6912.34	44747.55	6980.	.00	871,70	1.26

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

# EASTERN POWER DISTRIBUTION COMPANY OF A.F. LIMPTED 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, 1<sup>st</sup> Lane, Ashoknagar, Vijayawada – 520 010

# Lr.No.CGM/PPA, RA&QC/EPDCL/VSP/RAC/F:True-Up/D.No. 193 /19, dt. 69.-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:

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# Para No /Brief Issue

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.

**EPDCL** Response

1. APSPDCL and APEPDCL, being independent entitles 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 crdre at an interest rate of 12% considering F/ 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 35 2823 crore, including a carrying cost of Rs.573 crore. Whatever be the true-up amounts that the Commission is going to permit, its impact on consumers should be confined to the respective trueup 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.

Further Power Purchase cost which constitutes around 80% of the expenditure of Distribution business is being incurred centrally to optimize the procurament 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

2. While the Hon'ble Commission auproved 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 Jesser 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.14928 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 IPEs 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. 3. While supply of power from TS Gento 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. 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 powers 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

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claimed, that they have purchased

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# **EPDCL Response**

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.

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.

Following the mutual regulation of purchase/ supply of power between the entities of AP & TS from 11<sup>th</sup> 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.

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

# Para No /Brief Issue

additionally from gas-based IPPs against 346 mu (from Reliance) approved by the Commission. While Reliance failed to supply the approved duantum of power, the Discoms have purchased 1030 mu from GVK, 560 mu from Spectrum and 645 mu from Lahco, without any approval of the Commission. 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 powerfrom 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 powersthat-be that they need not seek prior permission of the Commission for such purchases and their contempt for regulatory requirements questionable approach that the Commission would or should give its consent to such purchases as and when they seek.

4. The Discoms have maintained that they have incurred fixed cost more by Rs.1786 crore against Rs.4026 crre 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

# **EPDCL Response** .

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.

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:

During certain instances in the grid operations, Thermal Power Stations are

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APPDCL), the Discoms have paid \$1.1786 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?

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.

The quantum of backing down & fixed charges paid to AP Genco stations for the above period is as furnished in the enclosed Statement.

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?

. 15.

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.

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

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.

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	Para No /Brief Issue	EPDCL Response
	fixed costs determined by the Commission for the	
	station on 2.3.2019 cannot, and should not, be	The second of th
	applied with retrospective. Therefore, we request,	the state of the s
	the Hon'ble Commission not to approve payment of	1000 32
	additional sum of Rs.946.66 the Discoms have	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
	claimed to have paid to the said station under true-	harty the
	up. When fixed cost was approved by the	"', 1, 1
1	Commission for availability at 80% PLF and when the	
	station could achieve 56.72% PLF only, liquidated	4 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
	damages should be collected from SDSTPS-1 for	Water the Care
	generation and supply of power below threshold	
	level.	1 - 1: 1
7.	The Discoms have claimed that while the	Ownership wise / Source wise variation in
	Commission approved Rs.3.01 per unit as the	respect of the per unit variable cost is given in
	average variable cost for the year 2017-18, they have	Table 15 of the petition.
	paid @ Rs.3.08 per unit. They have not explained the	The increase in variable cost is due to increase
	reasons for paying higher variable costs. The	in Basic price, Fuel Cost Adjustment (FCA)
	justification or otherwise for paying higher variable	levied by the Coal / Gas companies and
	costs needs to be examined.	increased freight charges leveled by Railways
-		and other transportation agencies.
8.	The Discoms have claimed that other costs paid by	Other Costs include expenditures incurred on
	them increased to Rs.961 crore from Rs.408 crore	account of Additional Interest on pension
	approved by the Commission. They have not	bonds, incentives paid if any and actual
	explained what those other costs are and why a sum	payment of Income Tax. These are the
	of Rs.553 crore was paid by them. The justification	prudent expenditures made:by:the DISCOMs
	and permissibility for paying such a huge amount for	and submitted for admission in to the True-
<u></u>	unexplained other costs need to be examined.	Up · · · :
9.	We request the Hon'ble Commission to determine	As per Clause 1.2(a) of the MoU, GoAP agreed
	the amounts taken over or to be taken over by GoAP	to take over 75% of working capital term loan
	from the debts of the Discoms for the year 2017 18	of Rs.8461.75 Crs. and 100% FRP bonds of

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.

GoAP agreed ital term loan of Rs.8461.75 Crs. and 100% FRP bonds of Rs.2546.15 af **APDISCOMs** Crs. the outstanding as on 30<sup>th</sup> September, 2015. Accordingly GoAP issued G.o.Ms.No.27, Energy Infrastructure & Investment (Power-I) Department, dt.26-07-2016.

**Outstanding loans** as on 30-09-2015 3712.49 Capex Loans Working capital 8461.76 Loans **FRP Bonds Liability** 2546.15 Total 14720.40

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

		Para No /Brief Is:	suę́.	٠.		# # # # # # # # # # # # # # # # # # #	EPDČL R	esponse	٠, ٠,			
		*	:	, l) «		FRP bonds (Rs.2546.15 Crs.).						
1	Act 1 1		,	-20	F .	្	- 1,		<u> </u>			
	erine de		•	砂桶	C)	\	EPDCL	SPDCL	Total			
* 1.4				, , , , , , , , , , , , , , , , , , ,	1 gran	Against	1205.9	5   1340.20	D <b>2546.1</b> !			
	• •		•	7(d)		100% FR	р   .					
	· • • • • • • • • • • • • • • • • • • •			į, į	1.63.10	Bonds 🗸 4	•					
٠				غير لا در الا ي الا در الا	20 M	Against 759	6 2094 <b>.</b> 53	3 4251.79	9   6346.3			
· .	Property of the second			45, 7		working'						
	end of the			, 1	16.00	capital lòan						
	ave de la companya de			**************************************	, y , '	Total	3300.4	8 5591.99	9   8892.4			
, ',			•	15	ig.	As on date	GoAP has	s taken o	ver loans			
	ं वर ने देवें के वर			$\alpha_{s}$		given below:						
	ar sec			* 275	£.,	1	EPDCL	SPDCL	Total			
	***			jln	V	Against	904.46	1005.23	1909.69			
	* 3 " *z	•	•	, +;		100% FRP						
	<b>.</b>			٠		Bondş '						
			,	14.3		Against	2094.53	4251.79	6346.32			
	** * * * *		7 2 2 3	181	-	75% '	, , ,					
	,		į	**		working	*		<i>∴</i>			
			6	rat		capital						
: '	111			; . <sub>&gt;1</sub>	e <del>ý</del>	loan ·						
· '	\$ 16 A			Ze 1850	11 Soc	Totai '	2998.99	5257.02	8256.01			
	7 A.	,	•	-15 "	· 4.3	The Hon'ble	Commissio	n is reque	sted to tre			
	.5			814.81	. •	such amount	ts /loans p	ertaining t	o PP cost			
	La grande	•		, fi , 10 h	Chillip Ra	covered· in	the UDAY	scheme,	as per ti			
<u>.</u>	1 2 3 4			S. 42.	يْ فَيْ مُ	prevailing re	gulations.					
10.	We request	the Hon'ble Comr	nission	to dire	ct the			complying				
		seek additional s	-		<del>-</del>	directions of						
ľ		nade in market			F	regard. Mark	•					
l .	•	mitted by the Co		1	ł ·	out throu	•=		• •			
		s from GoAP, sind	-		ξ.	arrangement	or DEEP E	bidding po	ortal.			
	•	al of the Commi										
1	•	antum, procedure			r	•		•				
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Para No /Brief Issue	EPDCL Response
12. We request the Hon'ble Commission to provide us opportunity to make further submissions in personal during the public hearing after receiving responses the Discoms to our above-mentioned submission and studying and analysing the same.	an Within the purview of Hon'ble APERC.

Yours faithfully

enief General Managel (16) PPA, RA & QC APEPDCL::VISAKHAPATNAM

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

### AP DISCOMS Back Down Fixed Cost for FY 2017-2018

ε,			• • •	2.000		o, , , non, non	•	1 .			
	→ 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	
	(a)	AP GENCO -Thermal	(0)	(u)	(e)	(1)	(8)	(1)	<u> </u>	()) = (1)) (1) 10	
		Dr.NTTPS Stage-I						1.			
		Dr.NTTPS Stage-II		1260.00	6605.91	447.Q4 ~	• 6158.87	558.62	37.80	0.85	ڏن ٿ
•		Dr.NTTPS Stage-III				- ~		-		•	
		Dr.NTTPS Stage -IV		500.00	2659.72	187.71	2472.01	387.17	27.32	1.46	,
	2047.40	RTPP Stage-I	1	7420.00° - ·	2590.91	447.59	2143.31	242.98	41.97	0.94	
•	- 2017-18	RTPP Stage-II	Thermal	420.00	2755.84	466.70	~ 2289.14	370.93	62.82	1.35	7
		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	7 1	0.00	0.00	0.00	0.00	0.00	0.00	1.1	
		Total AP GENCO -Thermal	i	3410.00	، <sup>c</sup> 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				-		1			
	2017-18	SDSTPS-I .	Thermal	1600.00	5906.49	1423.54	4482.95	1403.90	338.36		
* .4		SDSTPS-II		.000.04	3300.43	1225.54	, 102.33	1 100.50	. 550.20	•	· ·
		Total APPDCL (Krishnapatnam) -Thermal		1600.00	5906.49	1423.54	~ 4482 <b>.</b> 95	i403.90	338.36	2.38	
		CGS - Thermal						\$			1
	2017-18	NTPC (SR) Ramagundam St.I&II		274.23	2109.43	. 354.11	; 1755.32	124.11 - 1	20.83	0.59 !	<u>}</u> :.
		NTPC (SR) Simadri Stage 1	Thermal	<u>461.10</u>	3180.58	495.69	2684.89	442.97	69.04	1.39	
		NTPC (SR) Simadri Stage 2	ļ	188.64	1435.91	421.26	1014.66	203 06	59.57	, 1.43	1 ,
		NTPC (SR) Talcheru St.II	<u> </u>	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	- 5 3		.~639.84 .	216.83	" · 423.01, " · · · "	_\:35.93 -	.12.17.	0.56	ļ
		NPC (MAPS)	1 -	18.39.	. 104.96 .	0.00	104.96, _ ·		0.005		<u>+</u> ,
	2017-18	NPC (Kaiga Unit-I,II & III)	Atomic	146.22	915.84. • •	0.00	915:84	Single Part Tariff		3	ļ.·
		NPC KUNDANKULAM (arrear Bill)	- :	. ,,	1	220.01		142.00	0.00	1 1 7 7	٠,٠ .
	,	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)	<b>-</b>	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		
	•	•	•		•		·			<del></del>	_

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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 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
	IPP - Thermal (Hindujā, SEIL & KSK)					•		•.	
	Hinduja National Power Corp Ltd(HNPCL)		1040.00	4182.25	898.98	3283.78	0.00	0.00	0.00
2017-18	Thermal Powertech Corporation India-	Thermal	230.55	1876.47	126.02	1750.45	309.84	20.81	1.65
19, 2000	KSK Mahanadi Power Co. Ltd.,	<b>]</b> ]	. 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		,						
	Srisailam -RBPH	Hydel	770.00	558.92	0.00	. 558.92	168.89	0.00	
	NSRCPH .	y y	90.00	56.54	. 0.00	56.54	17.74	0.00	*
	Upper Sileru	23004-30 30 30	240.00	- 4/1.6/	0.00	471.67	-1: 55.84	0.00	
1 1	Lower Sileru		460.00	24 · 1087:39	0.00	1087.39	` 107.03 · ~·	.* 0:00	* ****
	Donkarayi		25.00	118.17	0.00	118.17	5.82	0.00	
.)	Pennaahobilarn	- Hydel	20.00	3.68	0.06	3.68	10,44	0.00	<del> </del>
	Mini Hydel (Chettipets)	'', "	1.00	2,25	0.00	2.21	0.77	0.00	4
	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	11	84.00	233.83	. 0.00	233.83	25.35	0.00	
ļ	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 .	1	0.00	0.00	0.00	0.00	684.11	. 0.00	·   ·
	Income Tax for FY 16-17	<u> </u>	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	
on photos more.	Total GENCO; Hydel	1	1/37.00			2655.01			
	IPP- GAS (GGPP, GAS IPPS & APG PCL)	5 m	و در سهمود پاری در در در در در در در در در در در در در	1. 4.2 2 2 2 4- m m	er derning medianen dire		in many and a	عه در عمد در بستان در با در این	wante to have desired as

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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	1
<b>I</b>	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	
2017-18	LANCO Kondapalli .	Gas	361.92	645:08-	0.04	645.05	64.30	0.00 <b>4</b>	1.00	1.
	SRIVATHSA POWER		17.20	53.44	0.00	53.44	3.17	0.00	:	1
P	APGPCL -Stage-I.		9.33	33.69	0.00	33.69	4.11	0.00		1
ρ	APGPCL -Stage -II		24.96	113.32	0.00	113.3?	7.38	0.00		1: 25
ī	Total IPP- GAS (GGPP, GAS IPPS & APGPCL)		834.41	2,464.27	27.26	2436.14	105.19	0.55	0.20	
1	NRE - Solar	Solar	4555.00		0.00		0.00	0.00		
2017-18	NRE - Wind	Wind	3931.00		0.00		0.00	, 0.00		1
2017-10	NRE - Others	bio-mass,	579.10	•	0.00	jor	0.00	0.00		in the
4 <del>4 4 7 1 1 7 1</del> C	Others (Including Swapping)		Cincis	[ 25 - 10 s	z; ~ 0.00 · ·	1 4, 1	0.00	· · 0.00 ÷		*
Т	Total Others (Including Swapping)	7 x 22.27	9065.10	0.00	0:00	0.00	0.00	0.00	- 174	***
	Grand Total		22990.75	51660.23	6912.34	44747.55	6580.00	871.70	2.26	

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



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

#### **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 I (M), State Committee office, Yamalavari Street, Governorpet, Vijayawada-2

### Lr No. CGM/RAC/SPDCL/TPT/RAC/F.True-up /D.No. 4-64/19 dt. 4 -10-2019

Sir,

Sub:- APSPDCL/TPT – RAC – Replies to the objections on True-up filings for **F**Y 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 object ions on True-up filings for FY 2017-18 are as follows:

### Para No /Brief Issue

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.

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

Response

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 optimize to 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.

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



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 DBF00, 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.

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 On earlier occasions, the Discoms 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,

### Response

shortage of supply) capacity charges payable to such generators would be reduced proportionately as per the provisions of the PPA.

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.

Following the mutual regulation of purchase/supply of power between the entities of AP & TS from 11<sup>th</sup> 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.

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.

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 powerfrom 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 Commission for such purchases and their contempt for regulatory requirements questionable approach that the Commission would or should give its consent to such purchases as and when they seek.

The Discoms have maintained that they have incurred fixed cost more by Rs.1786 crore against Rs.4026 crre 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), paid Rs.1786 the Discoms have additionally. It confirms that compared to the quantum of power not purchased from TS Genco Response

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.

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.

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



purchased quantum of power and the 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?

5. The Discoms have shown that they could a surplus of 1540 mu. At the same time, they have purchased 2625 mu more than what was approved by the Commission from the What are the reasons for the same? Did the Discoms back down thermal power in order to purchase high cost and must-run nonconventional 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?

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

### Response

have to be compensated for fixed cost payment, if they confirm the availability, as per the provisions of the PPAs.

The quantum of backing down & fixed charges paid to AP Genco stations for the above period are furnished in the enclosure.

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. Per Unit Cost of the Thermal Power Backed down are furnished in the enclosure.

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.

ز شر جع	in the state of th			7),
	Para No /Brief Issue	Ī	Res	sponse
	to the said station under true-up. When fixed was approved by the Commission for available at 80% PLF and when the station could ach 56.72% PLF only, liquidated damages should collected from SDSTPS-1 for generation	oility ieve d be		·
7.	supply of power below threshold level.  The Discoms have claimed that while Commission approved Rs.3.01 per unit as average variable cost for the year 2017-18, have paid @ Rs.3.08 per unit. They have explained the reasons for paying higher vari costs. The justification or otherwise for paying higher variable costs needs to be examined.	the they not able	respect of the per unit Table 15 of the petitio The increase in variab in Basic price, Fuel levied by the Coal increased freight char and other transportat	le cost is due to imcrease Cost Adjustment (FCA) / Gas compani es and ges leveled by Railways ion agencies.
8.	The Discoms have claimed that other costs by them increased to Rs.961 crore from Rs. crore approved by the Commission. They I not explained what those other costs are and a sum of Rs.553 crore was paid by them. justification and permissibility for paying su huge amount for unexplained other costs need be examined.	408 have why The ch a	account of Additiona bonds, incentives pa payment of Income Ta	xpenditures incurred on al Interest on pension aid if any and actual x. These are the prudent by the DISCOMs and on in to the True—Up
9.	We request the Hon'ble Commission determine the amounts taken over or to be to over by GoAP from the debts of the Discoms the year 2017-18 under UDAY and deduct same from their true-up claims. In the subpetition, the Discoms have not given the detail taking over of their debt by GoAP under UDA's	ken for the ject ls of Y.	to take over 75% of wo Rs.8461.75 Crs. and Rs.2546.15 Crs. of the A as on 30 <sup>th</sup> September, 2 issued G.o.Ms.No.27,	f the MoU, GoAP agreed rking capital term loan of 100% FRP bonds of APDISCOMs outs tanding 2015. Accordingly GoAP Energy Infrastructure & Department, dt .26-07-
			Capex Loans Working capital Loans FRP Bonds Liability Total	Outstanding loans as on 30-09-2015 3712.49 8461.76 2546.15 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

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.).

	EPDCL	SPDCL	Totæi
Against 100% FRI Bonds	1205.95	1340.20	254-6.15
Against 75% working capital loar		4251.79	634 6.32
Total	3300.48	5591.99	889 2.47

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



Para No /Brief Issue	Response
	EPDCL SPDCL Total
	Against 100% FRP 904.46 1005.23 1909.69 Bonds
	Against 75% working 2094.53 4251.79 <b>6346.32</b> capital loan
	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 see prior approval of the Commission for purchasing additional quantum, procedure to be adopted for real and transparent competitive bidding and contariff. The powers-that-be should be brough round to scrupulously adhere to regulate requirements of the Commission for purchasing power and additional power.  11. Carrying cost claimed by the Discoms to the turn 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 submit their true-up claims in time and the consumers should not be penalised for delicated by the Discoms in submitting the same.  12. We request the Hon'ble Commission to provide us an opportunity to make further submissions person during the public hearing after receiving responses of the Discoms to our above mentioned submissions and studying an analysing the same.	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.  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.  Within the purview of Hon'ble APERC.

Yours faithfully,

Chief General Manager RAC :: APSPDCL

Copy submitted to the Secretary, APERC, 11-4-660, 4<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Lakdikapul, Hyderbad-04



### Enclosure

i				<b></b>	t for FY 2017	-2010 *			
Year	Source	Plant	Installed Capacity (MW)	Available energy (MU)	Backdown energy (MU)	Energy Purchased (MU)	Total FC (Rs	FC paid due to Back down (Rs Cr)	Per Unit Cost of Backdown F per unit
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j) = (i)/(f)*10
	AP GENCO -Thermal								
	Dr.NTTPS Stage-II Dr.NTTPS Stage-II	-	1260.00	6605,91	447.04	6158.87	558.6 <b>2</b>	37.80	
	Dr.NTTPS Stage-III	┦ .	1200.00	000.51	447.04	ره.هنده	338.02	37.60	0.85
	Dr.NTTPS Stage - IV		500.00	2659.72	187.71	2472,01	387.17	27.32	1.46
2017-18	RTPP Stage-I	]	420.00	2590.91	447.59	2143.31	242.98	41.97	0.94
	RTPP Stage-II	Thermal		2755.84	466.70	2289.14	370.93	62.82	1.35
	RTPP Stage-III RTPP Stage-IV	-{	210.00 600.00	0.00	170.96 0,00	931.42 0.00	0.00	35.24 0.00	2.06
	Thermal Incentive for FY 2016-17	1	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	<u> </u>	3410.00	15714.76	1720.01	13994,75	1788.10	205.15	1.19
	Total TSGENCO -Thermal APPDCL (Krishnapatnam) -Thermal	Thermal	2282.50	1492.89	0.00	1492.89	199.63	0.00	
	SOSTES.I	Thermal	<u> </u>						
2017-18	SDSTPS-II	1	1600.00	5906.49	1423.54	4482.95	1403.90	338.36	
	Total APPDCL (Krishnapatnam) -Thermal		1600.00	5905.49	1423.54	4482.95	1403.90	338,36	2.38
	CGS - Thermal			`T					
2017-18	NTPC (SR) Ramagundam St. (&i) NTPC (SR) Simadri Stage 1	Thermal	274.23	2109.43	354.11	1755.32	124.11	20.83	0.59
	NTPC (SR) Simaon Stage 1 NTPC (SR) Simaon Stage 2	1	461.10 188.64	3180.58 1435.91	495.69 421.26	2684.89 1014.66	442.97 203.06	69.04 59.57	1.39
	NTPC (SR) Talcheru St.II	<u> </u>	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	ļ	87.93	568,11	87.83	480.28	111.04	17.17	1.95
	NLC-Stage - II	Lignite	47.60	326.04	112.98	213.06	21.18	7.38	0.65
	NPC (MAPS)		86.87 18.39	639,84 104,96	216.83 0.00	423.01 104.96	35.93	0.00	0.56
2017-18	NPC (Keiga Unit-I,II & III)	Atomic	116.22	915.84	0.00	915.84	Single Part	0.00	<del></del>
2017-18	NPC KUNDANKULAM (arrear Bill)						Tariff	0.00	
	NLC Tamiinadu 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) Aravali Power Company Limited (IGSTPS)		143.04	654.66	380.30	274.36	71.30	41.42	1.09
	(Arrear Bill)	Thermal			1		50.16	0.00	
			539.18	2632.42	0.00	2522.20	Single Part		
	Bundled Power under JNNSM Ph-1 & Ph-II		233.18	2032.42	0.03	2632.3 <del>9</del>	Tartiff	0.00	0.00
	Total CGS-Thermal		2330.59	15259.53	2488,10	12771.43	1316.26	278.56	1.12
	IPP - Thermal (Hinduja, SER. & KSK) Hinduja National Power Corp Ltd(HNPCL)		7040.00	4187.75	202.00	2000 200			
	Thermal Powertech Corporation India	Thermal	1040.00 230.55	4182.25 1875,47	898.98 126.02	3283.78 1750.45	0.00 309.84	20.81	1.65
2917-18	KSK Mahanadi Power Co.Ltd.,		400.00	2108.58	228.43	1880.14	260.99	28.27	1.24
	Total IPP - Thermal		1670.55	8157.29	1253.43	6914.38	570.83	49.08	0.39
	(Hinduja, SEIL & KSK)				1233743	4724.36	370.83	45,00	0.59
	GENCO-Hydel Srisaliam -RBPH	Hydel	770.00	558.92	0.00	558,92	168,89	0.00	
	NSRCPH	nyue:	90.00	56.54	0.00	56.54	17.74	0.00	
	Upper Sileru	į	240.00	471.57	0.00	471.67	55.84	0.00	
	Lower Sileru	[	460.00	1087.39	0.00	1087.39	107.03	0.00	
	Donkarayi Pennaahobilam	<b> </b>	25.00	118.17	0.00	118.17	5.82	0.00	
	Mini Hydel (Chettipeta)	Hydel	20.00 1.00	3.68 2.25	0.00	3.68 2.25	10,44 0.77	0.00	
	Ramagiri Wind Mills	ŀ	0.00	0.00	0.00	0.00	0.00	0.00	
2017-18	NSTPDC PH	Ĺ	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	
				2164	0.00	71.55		0.00	- 1
	NSTPHES 16-17 & 18-19 Interest on Pension Bonds		0,00	21.64 0.00	0.00	21.54 0.00	29.96 684.11		
	NSTPHES 16-17 & 18-19 Interest on Pension Bonds Income Tax for FY 16-17		0.00	21.64 0.00 0.00	0.00 0.00 0.00	21.54 0.00 0.00	29.96 684.11 3.06	0.00	
	NSTPHES 16-17 & 18-19 Interest on Pension Bonds Income Tax for FY 16-17 Suppl Calims for IPB 2014-15,2015-16,2016-	17	0.00	0.00 0.00 0.00	0.00	0.00	684.11	0.00	
	NSTPHES 16-17 & 18-19 Interest on Pension Bonds Income Tax for FY 16-17 Suppl Calims for IPB 2014-15, 2015-16, 2016- Total GENCO-Hydel	17	0.00	0.00	0.00	0.00	58 <b>4.11</b> 3.06	0.00	
	NSTPHES 16-17 & 18-19 Interest on Pension Bonds Income Tax for FY 16-17 Suppl Calims for IPB 2014-15,2015-16,2016- Total GENCO-Hydel IPF- GAS (GGPP, GAS IPPS & AFGPCL)	17	0.00	0.00 0.00 0.00	0.00 0.00 0.00	0.00 0.00 0.00	584.11 3.06 47.59	0.00 0.00 0.00	
	NSTPHES 16-17 & 18-19 Interest on Pension Bonds Income Tax for FY 16-17 Suppl Calims for IPB 2014-15, 2015-16, 2016- Total GENCO-Hydel	17	0.00	0.00 0.00 0.00	0.00 0.00 0.00	0.00 0.00 0.00	584.11 3.06 47.59	0.00 0.00 0.00	0.20
	NSTPHES 16-17 & 18-19 Interest on Pension Bonds Income Tax for FY 16-17 Suppl Calims for IPB 2014-15, 2015-16, 2016- Total GENCO-Hydel IPP- GAS (GGPP, GAS IPPS & APGPCL) Godavari Gas Power Plant	17	0.00 0.00 1797.60	0.00 0.00 0.00 2655.01	0.00 0.00 0.00 0.00	0.00 0.00 0.00 2655.01	684.11 3.06 47.59 1196.09	0.00 0.00 0.00 0.00	
M17-18	NSTPHES 16-17 & 18-19 Interest on Pension Bonds Income Tax for FY 16-17 Suppl Calims for IPB 2014-15,2015-16,2015- Total GENCO-Hydel IPP- GAS (GGPP, GAS IPPS & APGPCL) GOdavari Gas Power Plant (Now Own Source previously GVK-I) Spectrum Power LANCO Kondapalli	17	0.00 0.00 1797.60 216.00	0.00 0.00 0.00 2655.01	0.00 0.00 0.00 0.00 0.00	0.00 0.00 0.00 2655.01	3.06 47.59 1196.09	0.00 0.00 0.00 0.00 0.53	0.20 0.15 1.00
<b>117-18</b>	NSTPHES 16-17 & 18-19 Interest on Pension Bonds Income Tax for FY 16-17 Suppl Calims for IPB 2014-15,2015-16,2015- Total GENCO-Hydel IPP- GAS (GGPP, GAS IPPS & APGPCL) Godavari Gas Power Plant (Now Own Source previously GVK-I) Spectrum Power LANCO Kondapalli SRIVATHSA POWER		0.00 0.00 1797.60 216.00 205.00 361.92 17.20	0.00 0.00 0.00 2655.01 1057.69 561.05 645.08 53.44	0.00 0.00 0.00 0.00 0.00 26.57 0.63 0.04	0.00 0.00 0.00 2655.01 1030.25 560.40 645.05 53.44	684.11 3.06 47.59 1196.09 21.23 5.00 64.30 3.17	0.00 0.00 0.00 0.00 0.00 0.53 0.01 0.00 0.00	0.15
2017-18	NSTPHES 16-17 & 18-19 Interest on Pension Bonds Income Tax for FY 16-17 Suppl Calims for IPB 2014-15, 2015-16, 2016- Total GEINCO-Hydel IPP- GAS (GGPP, GAS IPPS & APGPCL) Godavari Gas Power Plant (Now Own Source previously GVK-I) Spectrum Power LANCO Kondapalli SRIVATHSA POWER APGPCL-Stage-I		0.00 0.00 1797.60 216.00 205.00 361.92 17.20 9.33	0.00 0.00 0.00 2655.01 1057.69 561.05 645.08 53.44 33.69	26.57 0.00 0.00 0.00 0.00 0.00 26.57 0.65 0.04 0.00	0.00 0.00 0.00 2655.01 1030.25 560.40 645.05 53.44 33.69	684.11 3.06 47.59 1196.09 21.23 5.00 64.30 3.17 4.11	0.00 0.00 0.00 0.00 0.00 0.53 0.01 0.00 0.00	0.15
917-18	NSTPHES 16-17 & 18-19 Interest on Pension Bonds Income Tax for FY 16-17 Suppl Calims for IPB 2014-15,2015-16,2016- Total GENCO-Hydel IPP- GAS (GGPP, GAS IPPS & APGPCL) Godavari Gas Power Plant (Now Own Source previously GVK-I) Spectrum Power LANCO Kondapalli SRIVATHSA POWER APGPCL-Stage-I	Gas	0.00 0.00 1797.60 216.00 205.00 361.92 17.20 9.33 24.96	0.00 0.00 0.00 2655.01 1057.69 561.05 645.08 53.44 33.69 113.32	0.00 0.00 0.00 0.00 0.00 26.57 0.65 0.04 0.00 0.00	0.00 0.00 0.00 2655.01 1030.25 560.40 645.05 53.44 33.69 113.32	684.11 3.06 47.59 1196.09 21.23 5.00 64.30 3.17 4.11 7.38	0.00 0.00 0.00 0.00 0.53 0.01 0.00 0.00 0.00	0.15 1.00
2017-18	NSTPHES 16-17 & 18-19 Interest on Pension Bonds Income Tax for FY 16-17 Suppl Calims for IPB 2014-15,2015-16,2016- Total GENCO-Hydel IPP- GAS (GGPP, GAS IPPS & APGPCL) Godavari Gas Power Plant (Now Own Source previously GVK-I) Spectrum Power LANCO Kondapalli SRIVATHSA POWER APGPCL-Stage-I APGPCL-Stage-I Total IPP- GAS (GGPP, GAS IPPS & APGPCL)	Gas	0.00 0.00 1797.60 216.00 205.00 361.92 17.20 9.33	0.00 0.00 0.00 2655.01 1057.69 561.05 645.08 53.44 33.69	26.57 0.00 0.00 0.00 0.00 0.00 26.57 0.65 0.04 0.00	0.00 0.00 0.00 2655.01 1030.25 560.40 645.05 53.44 33.69	684.11 3.06 47.59 1196.09 21.23 5.00 64.30 3.17 4.11 7.38 105.19	0.00 0.00 0.00 0.00 0.00 0.53 0.01 0.00 0.00	0.15
2917-18	NSTPHES 16-17 & 18-19 Interest on Pension Bonds Income Tax for FY 16-17 Suppl Calims for IPB 2014-15,2015-16,2016- Total GENCO-Hydel IPP- GAS (GGPP, GAS IPPS & APGPCL) Godayari Gas Power Piant (Now Own Source previously GVK-I) Spectrum Power LANCO Kondapalli SRIVATHSA POWER APGPCL-Stage-I APGPCL-Stage-I Total IPP- GAS (GGPP, GAS IPPS & APGPCL) NRE- Solar	Gas	0.00 0.00 1797.60 216.00 205.00 361.92 17.20 9.33 24.96 834.41	0.00 0.00 0.00 2655.01 1057.69 561.05 645.08 53.44 33.69 113.32	0.00 0.00 0.00 0.00 0.00 26.57 0.65 0.04 0.00 0.00 0.00	0.00 0.00 0.00 2655.01 1030.25 560.40 645.05 53.44 33.69 113.32	684.11 3.06 47.59 1196.09 21.23 5.00 64.30 3.17 4.11 7.38	0.00 0.00 0.00 0.00 0.53 0.01 0.00 0.00 0.00 0.00 0.00	0.15
2917-18 2017-18	NSTPHES 16-17 & 18-19 Interest on Pension Bonds Income Tax for FY 16-17 Suppl Calims for IPB 2014-15, 2015-16, 2016- Total GEINCO-Hydel IPP- GAS (GGPP, GAS IPPS & APGPCL) Godavari Gas Power Plant (Now Own Source previously GVK-I) Spectrum Power LANCO Kondapalli SRIVATHSA POWER APGPCL-Stage-I APGPCL-Stage-I APGPCL-Stage-II Total IPP- GAS (GGPP, GAS IPPS & APGPCL NRE- Solar NRE- Wind NRE- Others	Gas	0.00 0.00 1797.60 216.00 205.00 361.92 17.20 9.33 24.96 834.41 4555.00	0.00 0.00 0.00 2655.01 1057.69 561.05 645.08 53.44 33.69 113.32	0.00 0.00 0.00 0.00 0.00 26.57 0.65 0.04 0.00 0.00 0.00 0.00 0.00 0.00 0.00	0.00 0.00 0.00 2655.01 1030.25 560.40 645.05 53.44 33.69 113.32	684.11 3.06 47.59 1196.09 21.23 5.00 64.30 3.17 4.11 7.38 105.19	0.00 0.00 0.00 0.00 0.53 0.01 0.00 0.00 0.00 0.00 0.00 0.00 0.00	0.15
2017-18	NSTPHES 16-17 & 18-19 Interest on Pension Bonds Income Tax for FY 16-17 Suppl Callims for IPB 2014-15,2015-16,2016- Total GENCO-Hydel IPP-GAS (GGPP, GAS IPPS & APGPCI) Godavari Gas Power Plant (Now Own Source previously GVK-I) Spectrum Power LANCO Kondapalli SRIVATHSA POWER APGPCI-Stage-I Total IPP-GAS (GGPP, GAS IPPS & APGPCI NRE- Solar NRE- Wind	Gas	0.00 0.00 1797.60 216.00 205.00 361.92 17.20 9.33 24.96 834.41 4555.00 3931.00	0.00 0.00 0.00 2655.01 1057.69 561.05 645.08 53.44 33.69 113.32	0.00 0.00 0.00 0.00 0.00 26.57 0.63 0.04 0.00 0.00 0.00 0.00 0.00	0.00 0.00 0.00 2655.01 1030.25 560.40 645.05 53.44 33.69 113.32	584.11 3.06 47.59 1196.09 21.23 5.00 64.30 3.17 4.11 7.38 105.19 0.00 0.00	0.00 0.00 0.00 0.00 0.53 0.01 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00	0.15



## 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. 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. ५६७ /19 dt. 0។ -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 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 vear 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.

### Response

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.

Purchase cost which Further Power 80% of the entire constitutes around expenditure of Distribution business is being optimize incurred centrally to 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 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

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 APPDCI, 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 DBF00, 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.

Response

shortage of supply) capacity charges payable to such generators would be reduced proportionately as per the provisions of the PPA.

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.

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 On earlier occasions, the Discoms 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,

Following the mutual regulation of purchase/supply of power between the entities of AP & TS from 11<sup>th</sup> 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.

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.

560 mu from Spectrum and 645 mu from Lando, 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 powerfrom 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.

4. The Discoms have maintained that they have incurred fixed cost more by Rs.1786 crore against Rs.4026 crre 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), Rs.1786 have paid Discoms additionally. It confirms that compared to the quantum of power not purchased from TS Genco

### Response

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.

Thermal Generating stations located im Telangana State are older units whem compared to the stations located in Andhra Pradesh. This causes, per unit fixed cost of generating stations in TS at lower side whem compared to its counterparts in AP. This is the reason behind payment of higher fixed costs by AP DISCOMs when "Regulation" of powe reame into force between AP & TS.

During certain instances in the grich 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 station.

of power purchased auantum the and 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?

Response

have to be compensated for fixed cost payment, if they confirm the availability, as per the provisions of the PPAs.

The quantum of backing down & fixed charges paid to AP Genco stations for the above period are furnished in the enclosure.

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?

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. Per Unit Cost of the Thermal Power Backed down are furnished in the enclosure.

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

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.

Para No /Brief Issue		_		Respon	ise	
to the said station under true-up. When fixed co						
was approved by the Commission for availabili	ty					
at 80% PLF and when the station could achie						
56.72% PLF only, liquidated damages should	be					
collected from SDSTPS-1 for generation as	nd		•			•
supply of power below threshold level.						
7. The Discoms have claimed that while t	ne		nership wise			
Commission approved Rs.3.01 per unit as the	ne		pect of the per		riable cos	t is given in
average variable cost for the year 2017-18, the	ey		ole 15 of the pe			
have paid @ Rs.3.08 per unit. They have n	ot	Th	e increase in va	riable c	ost is due	to increase
explained the reasons for paying higher variab			Basic price, Fi			
costs. The justification or otherwise for paying	ng		ied by the C			
higher variable costs needs to be examined.		inc	reased freight (	charges	leveled b	y Railways
		and	l other transpo	rtation	agencies.	
8. The Discoms have claimed that other costs pa	id	Otl	er Costs includ	le expe	nditures i	n <b>c</b> urred on
by them increased to Rs.961 crore from Rs.40	8		ount of Addit			
crore approved by the Commission. They have	<i>т</i> е	boı	nds, incentives	s paid	if any	and actual
not explained what those other costs are and w	ıy		ment of Incom			
a sum of Rs.553 crore was paid by them. The	ie		enditures ma			
justification and permissibility for paying such	a	sub	mitted for adm	ission i	n to the T	True-Up
huge amount for unexplained other costs need	to					
be examined.						
y			per Clause 1.29			
determine the amounts taken over or to be take			ake over 75% of			
over by GoAP from the debts of the Discoms for			8461.75 Crs.			
the year 2017-18 under UDAY and deduct the			2546.15 Crs. of			
same from their true-up claims. In the subje			on 30 <sup>th</sup> Septemb			
petition, the Discoms have not given the details			ed G.o.Ms.No.: estment (Powe			
taking over of their debt by GoAP under UDAY.		201	`	1-1) 120	parament,	, di.20-07-
·			<u>.                                    </u>	0	utstanding	loans as on
			,		30-09-	
		Ca	oex Loans	37	12.49	
		-	rking capital Loans		61.76	
			Bonds Liability		46.15	
		To	of the total outs		720.40	20 1472040
		1	as on 30-09-	_		
			roval for takeov			
			.6346.32 Crs.)			
		•	2546.15 Crs.).		• - • - •	
•						
				EPDCL	SPDCL	Total
		Ag	inst 100% FRP	1205.95	1340.20	2546.15
		Во				
		_	ainst 75%	2094.53	4251.79	6346.32
			rking capital loan	2200 40	EF01.00	8892.47
•		To	·-·	3300.48		
			on date GoAP l	nas take	n over Ioa	ns as given
		belo	ow:			

Para No /Brief Issue					1	Response		
		T				EPDCL	SPDCL	Total
			Against	100%	FRP	904.46	1005.23	1909.69
			Bonds	<b>750</b> /	<del></del>	2004 52	4054.70	6346.32
			Against capital l	75% wo	rking	2094.53	4251.79	6346.32
			Total	Uali		2998.99	5257.02	8256.01
			Iotai					<u> </u>
10. We request the Hon'ble Commission to	direct the	e	The D	ISCOM	s a	re com	plying v	vith the
Discoms to seek additional subsidy req	uired for	r	directio	ons of t	he H	on'ble C	ommissio	on in this
purchases made in market far excee	ding the	e	regard.	Marke				n carried
quantum permitted by the Commission	and fron	n		hrough		xchange		swapping
other sources from GoAP, since they did	l not seel	k	arrange	ement o	or DE	EP E bid	ding port	al.
prior approval of the Commission for pu	ırchasih	g						
additional quantum, procedure to be ad	opted for	r						
real and transparent competitive biddin	g and car	p						
on tariff. The powers-that-be should be	brough	t						
round to scrupulously adhere to re	egulatory	y						
requirements of the Commission for pu	ırcnasıng	g						
power and additional power.	the true	+	For the		nc h	owand t	ho contr	ol of the
11. Carrying cost claimed by the Discoms to	missible							ve been
of Rs.660 crore under true-up is not per We request the Hon'ble Commission to	raiect the	_				_		cost also
claim for carrying cost. The Discoms	have to							nission is
submit their true-up claims in time	and the							approve
consumers should not be penalised	for delay						carrying	
caused by the Discoms in submitting the	same.	1		- F		C	, , ,	•
12. We request the Hon'ble Commission to	provide	e	Within	the pu	view	of Hon'l	ole APER	C.
us an opportunity to make further subm	issions ir	- 1		-				
person during the public hearing after	receiving	g						
responses of the Discoms to our	above	-						
mentioned submissions and study	ing and	d						
analysing the same.							·	

Yours faithfully,

Chief General Manager RAC :: APSPDCL

Copy submitted to the Secretary, APERC, 11-4-660, 4<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Lakdikapul, Hyderbad-04

### · Enclosure

		AP DISCO	MS Back Do	wn Fixed Cost	for	FY 2017-	2018		•	
		1	Installed	Available	<u></u>	ckdown	Energy	Total SC (Da	FC paid due	Per Unit Cost
Year	Source	Plant	Capacity (MW)	energy (MU)		rgy (MU)	Purchased (MU)	Total FC (Rs Cr)	to Back down (Rs Cr)	of Backdown F per unit
(a)	(b)	(c)	(d)	(e)		(f)	(g)	(h)	(i)	(j) = (i)/(f)*10
	AP GENCO-Thermal	<u> </u>	ļ							
	Dr.NTTPS Stage-I	4		5005.03		47.04	6150.07	EER 63	27.00	0.05
	Dr.NTTPS Stage-II	4	1260.00	6605.91	'	47.04	61.58.87	. 558.62	37.80	0.85
	Dr.NTTPS Stage-III Dr.NTTPS Stage -IV	-[	500.00	2659.72	١	87.71	2472.01	387.17	27.32	1.46
	RTPP Stage-I	1	420.00	2590.91		47.59	2143.31	242.98	41.97	0.94
2017-18	RTPP Stage-II	Thermal		2755.84	_	66.70	2289.14	370.93	62.82	1.35
	RTPP Stage-III	1	210.00	1102.38	_	70.96	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	1	0.00	0.00		0.00	0.00	1.17	0.00	
	FCA for 2016-17	4	0.00	0.00	_	0.00	0.00	0.00	0.00	
	Total AP GENCO-Thermal	-t1	3410.00	15714.76	1	720.01	13994.75	1788.10	205.15 0.00	1.19
	Total TSGENCO -Thermal	Thermal	2282.50	1492.89	├─	0.00	1492.89	199.63	0.00	
	APPOCI. (Krishnapatnam) - Thermal SDSTPS-I	Thermal		3)						
2017-18	SDSTPS-II	1	1600.00	5905.49	1	123.54	4482.95	1403.90	338.36	
	Total APPDCL (Krishnapatnam) - Thermal		1600.00	5906.49	1	123.54	4482,95	1403.90	338.36	2.38
	CGS-Thermal									
2017-18	NTPC (SR) Ramagundam St. I&II	↓	274.23	2109.43		54.11	1755.32	124.11	20.83	0.59
	NTPC (SR) Simadri Stage 1	Thermal	461.10	3180.58		95.69	2584.89	442,97	69.04	1.39
	NTPC (SR) Simadri Stage 2	ļ <u> </u>	188.64	1435.91	_	21.26	1014.66	203.06	59.57 6.56	1.41 0.63
	NTPC (SR) Talcheru St.II	Thermal	175.32 68.92	1300.11 558.13		04.90 24,15	1195.21 473.97	81.28 31.43	6.56 4,74	0.63
	NTPC (SR) Ramagundam St.III NTECL Vailuru Thermal Power	1118311180	68.92 87.93	558.13 568.11		7.83	473.97	111.04	17.17	1.95
	NLC-Stage - I		47.60	325,04	_	12.98	213.06	21,18	7.38	0.65
	NLC-Stage-II	Lignite	85.87	639.84		16.83	423.01	35.93	12.17	0.56
	NPC (MAPS)		18.39	104.96		0,00	104.96	Single Part	0.00	
2017-18	NPC (Kaiga Unit-I, II & III)	Atomic	115.22	915.84		0.00	915.84	Tariff	0.00	
2011-10	NPC KUNDANKULAM (arrear Bill)			1)					0.00	
	NLC Tamilnadu Power Ltd Stage.1	ł	123.15	833.50		30.01	603.48	143.80	39.68	1.73
	NTPC Kudgi Stage-I (New Thermal Station)	ł	143.04	654.66	- 3	90.30	274.36	71.30	41.42	1.09
	Aravali Power Company Limited (IGSTPS)	Thermal						50.16	0.00	
	(Arrear Bill)	1	539.18	2632.42		0.03	2632.39	Single Part	0.00	0.00
	Bundled Power under JNNSM Ph- I & Ph-II	· · · · · ·		. 1,				Tariff		
	Total CGS - Thermal	1	2330.59	15259.53	2	88.10	12771.A3	1316.26	278.56	1.12
	IPP-Thermal (Hinduja, SEIL & KSK)		1010.00	4182.25		98.98	3283.78	0.00	0.00	0.00
	Hinduja National Power Corp Ltd(HNPCL) Thermal Powertech Corporation India	Thermal	1040.00 230.55	1876,47		25.02	1750.45	309.84	20.81	1.65
2017-18	KSK Mahanadi Power Co.Ltd.,		400.00	2108.58		28.43	1880.14	260.99	28.27	1.24
	Total IPP - Thermal			()						
	(Hinduja, SEIL & KSK)		1670.55	8167.29	12	53,43	6914.38	570.23	49.08	0.39
	GENCO-Hydel									
	Srisaliam -RBPH	Hydel	770.00	558.92		0.00	558.92	168.89	0.00	
r	NSRCPH	]	90.00	55.54		0.00	56.54	17.74	0.00	
	Upper Sileru		240.00	471.67	_	0.00	471.67	55.84	0.00	
	Lower Sileru  Donkarad		460.00 25.00	1037.39		0.00	1087.39	107,03 5.82	0.00	
	Donkarayi Pennashobilam		25.00	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		
2017-38	NSTPIC 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		0.00	21.64		0.00	21.64 0.00	29.96 684.11	0.00	
	Interest on Pension Bonds 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		2.00	0.00	47.59	0.00	
	Total GENCO-Hydel		1797.60	2655.01		0.00	2655.01	1196.09	0.00	
	IPF-GAS (GGPP, GAS IPPS & APGPCL)			1						
	Godavari Gas Power Plant		215.00	1057.69	-	6.57	1030.25	21.23	0.53	0.20
	(Now Own Source previously GVK-I)			!						
2017-18	Spectrum Power	_	205.00	561.05		0.65	560.40	5.00	0.01	0.15
	LANCO Kondapalli	Gas	361.92	645.08		0.04	645.05	64.30	0.00	1.00
	SRIVATHSA POWER		17.20	53.44 22.60		0.00	53.44 33.69	3.17 4.11	0.00	
	APGPCL-Stage-I		9.33 24.96	33.69 113.32		2.00	113.32	7.38	0.00	
	APGPCL-Stage -II	h	24.50 834.41	2464.27		7.26	2436.14	105.19	0.55	0.20
-	Total NP- GAS (GGPP, GAS 1095 & ADGDC					0.00		0.00	0.00	
	Total IPP-GAS (GGPP, GAS IPPS & APGPC NRE-Solar	Solar	4555.00	ij		,,,,,				
	Total MP-GAS (GGPP, GAS MPS & APGPC NRE-Solar NRE-Wind		4555.00 3931.00	3)		2.00		0.00	0.00	
2017-18	NRE - Solar	Solar				_			0.00	
2017-18	NRE - Solar NRE - Wind	Solar Wind	3931.00 579.10	()	- 0	1.00 1.00 1.00		0.00 0.00 0.00	0.00	
2017-18	NRE - Solar NRE - Wind NRE - Others	Solar Wind	3931.00	1)		).00 ).00	0.00 44747.55	0.00	0.00	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, 1<sup>st</sup> Lane, Ashok Nagar, Governorpet, Vijayawada-10

### Lr No. CGM/RAC/SPDCL/TPT/RAC/F.True-up /D.No. பு > 19 dt. டி -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 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.

Response

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.

which Purchase cost Further Power constitutes around 80% of the entire expenditure of Distribution business is being incurred centrally optimize to 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 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

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 DBF00, 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.

Response

to such generators would be reduced proportionately as per the provisions of the PPA.

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.

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 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,

Following the mutual regulation of purchase/supply of power between the entities of AP & TS from 11<sup>th</sup> 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.

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.

Another 1200 MU of energy has been procured through banking mechanism

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 powerfrom 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.

4. The Discoms have maintained that they have incurred fixed cost more by Rs.1786 crore against Rs.4026 crre 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), Rs.1786 the Discoms have paid additionally. It confirms that compared to the quantum of power not purchased from TS Genco and the quantum of power purchased Response

(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.

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.

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

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?

Response

payment, if they confirm the availability, as per the provisions of the PPAs.

The quantum of backing down & fixed charges paid to AP Genco stations for the above period are furnished in the enclosure.

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 nonconventional 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?

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. Per Unit Cost of the Thermal Power Backed down are furnished in the enclosure.

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

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.

Para No /Brief Issue		Response
was approved by the Commission for availal	ility	· · · · · · · · · · · · · · · · · · ·
at 80% PLF and when the station could ach	11	·
56.72% PLF only, liquidated damages shoul	13	3 I
collected from SDSTPS-1 for generation		
supply of power below threshold level.		•
7. The Discoms have claimed that while	the	e Ownership wise / Source wise variation in
Commission approved Rs.3.01 per unit as	!i	<b>1</b>
average variable cost for the year 2017-18,		
have paid @ Rs.3.08 per unit. They have		
explained the reasons for paying higher vari	11	
costs. The justification or otherwise for pa	I t	·
higher variable costs needs to be examined.	)B	increased freight charges leveled by Railways
		and other transportation agencies.
8. The Discoms have claimed that other costs	<del></del>	
by them increased to Rs.961 crore from Rs.	• • •	_   _   <u>+</u>
crore approved by the Commission. They i	(!	
not explained what those other costs are and	!}	
a sum of Rs.553 crore was paid by them.	•	1 - 1 -
justification and permissibility for paying su	: I	A
huge amount for unexplained other costs nee	1 .	1 1
be examined.		
9. We request the Hon'ble Commission	to	As per Clause 1.29a) of the MoU, GoAP agreed
determine the amounts taken over or to be ta	ken	1 1 7
over by GoAP from the debts of the Discoms	for	<del>-</del> -
the year 2017-18 under UDAY and deduct		
same from their true-up claims. In the sub		
petition, the Discoms have not given the detail		
taking over of their debt by GoAP under UDAY		Investment (Power-I) Department, dt.26-07-
		2016.
		Outstanding loans as on 30-09-2015
		Capex Loans 3712.49
		Working capital Loans 8461.76
		FRP Bonds Liability 2546.15
		Total 14720.40
		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.).
		EPDCL SPDCL Total
		Against 100% FRP 1205.95 1340.20 2546.15
•		Bonds
		Against 75% 2094.53 4251.79 <b>6346.32</b>
		working capital loan
		Total 3300.48 5591.99 8892.47
		As on date GoAP has taken over loans as given
		below:  EPDCL SPDCL Total
	<u> </u>	L. Det St Det Total

Para No /Brief Issue		Response					
		Agair Bond		% FRP	904.46	1005.23	1909.69
			st 75%	working	2094.53	4251.79	6346.32
	İ		al loan				
	ľ	Tota	1		2998.99	5257.02	8256.01
77 11 0		mi.	DICCO	N/			م والحاد والحاد
10. We request the Hon'ble Commission to directly							vith the on in this
Discoms to seek additional subsidy require		II.					n carried
purchases made in market far exceeding		out	throu	•	exchange		swapping
quantum permitted by the Commission and other sources from GoAP, since they did not	cook	I .				ding port	
prior approval of the Commission for purch	asino	arran	geinen	COI DI	di dibia	amg por c	
additional quantum, procedure to be adopte	d for						
real and transparent competitive bidding an		1					
on tariff. The powers-that-be should be bro							
round to scrupulously adhere to regul							
requirements of the Commission for purch	asing						
power and additional power.							
11. Carrying cost claimed by the Discoms to the	tune	i			•		ol of the
of Rs.660 crore under true-up is not permis		1			•		ve been
We request the Hon'ble Commission to reject		1			•		cost also
claim for carrying cost. The Discoms have		1					nission is
submit their true-up claims in time and	- 11						approve
consumers should not be penalised for (	lelay	the T	rue-Up	claim i	including	carrying	costs.
caused by the Discoms in submitting the san	ne.						
12. We request the Hon'ble Commission to pro		Withi	n the p	urview	of Hon't	ole APER	J.
us an opportunity to make further submission				-			
person during the public hearing after rece	iving						
responses of the Discoms to our al							
mentioned submissions and studying	and						
analysing the same.	- []	<u> </u>					
				-			

Yours faithfully,

Chief General Manager RAC :: APSPDCL

Copy submitted to the Secretary, APERC, 11-4-660, 4<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Lakdikapul, Hyderbad-04

### Enclosure

Post   Source	<u> </u>		AP D	HSCOMS E	ack	Down Fixed	cos	t for FY 201	7-2018		<del></del>	
Column   C	Ye	ar Source	Pl	ant Ca	pacit	Availab	1		Purchase	d Total FC	to Back down	of Backdown
ACC GENCO-Thermal	<u>(a</u>					(e)	╁╌	/A)			<del></del>	
DATTPS Stage 11   DATTPS Stage 11   DATTPS Stage 11   DATTPS Stage 11   DATTPS Stage 11   DATTPS Stage 11   DATTPS Stage 11   DATTPS Stage 11   DATTPS Stage 11   DATTPS Stage 12   DATTPS Stage 13   DATTPS Stage 12   DATTPS Stage 13   DATTPS Stage 13   DATTPS Stage 14   DATTPS Sta					- 1			1	16/	(11)		()=()/(t)=
DATIFES Single II	ĺ						Π					
DATTPS Stage   V			<b></b>   .	120	50.00	6605.9	1	447.04	6158.87	558.63	2 37.80	0.85
DEF-18   The PS Stage					0.00		上		ļ <u>.</u>			
Impression	2017-1 2017-1 2017-1 2017-18	D7DD Ctarre 1					_					1.46
CFP   Stage III	AJI/-		The				7					0.94
	2017-1 2017-1 2017-18	RTPP Stage-III					_					
Internal Intended For FY 2016-17   Co.O.   C	-			600.00								2.06
Color   Colo	2017-18  2017-18  2017-18  2017-18  2017-18  2017-18  [1]  [2]  [3]  [4]  [5]  [6]  [6]  [7]  [7]  [8]  [8]  [8]  [9]  [9]  [9]  [9]  [9			0.	00	0.00						
March   Control   Contro						0.00	$\Box$	0.00	0.00			
APPICAL (Pethospational) -Thornal   1000mb   1							1		13994.75	1788.10		1.19
SISTIPA1   Thermal   1500.00   5906.40   1493.54   4482.55   1401.90   338.36			Inen	mai 22%			+	0.00	1492.89	199.63	0.00	
SSSTTS-11   SSS.00    2017-18  2017-18  2017-18  2017-18  2017-18  2017-18  AR  AR  AP  TO  NR  RR  RR  RR  2017-18  AR  AP  TO  TO  AP  TO  AP  TO  AP  TO  TO  TO  TO  TO  TO  TO  TO  TO  T	CDCTDC 1	Then	nai 🗕 —	- 1	+	╁		<del> </del> _	_			
CSS.1-hermal		SDSTPS-II		1500	2.00	5906.49	П	1423.54	4482.95	1403.90	338.36	
CSS   Thermal		Total APPOCL (Krishnapatnam) - There	raf	1600	1.00	5906.49	H	1423.54	8492 OF	1 502 50	222.25	
### NPC (28) Smaled Stage 1	-	CGS - Thermal			1		11		402.93	1403.90	338.36	2.38
MTPC_BSS_SIMMONS Stage 2	2017-1				.23	21.09.43	17	354.11	1755.32	124.11	20.83	O TO
PIPEC   100   10	İ		<del></del> -					495,69				
NETC   SR   Bamsgrouden St.    Thornis   1.05.2   1.350.11   1.05.0   1.155.21   1.12.8   6.55   0.63	2017-18 2017-18 2017-18 2017-18 2017-18		<del></del>				П		1014.66			
HTECL Vallotto Thermal Power   97.93   S00.11   97.83   47.93   31.43   4.74   0.55	1		-				₩.			81.28	6.56	
NEC-Stage -			<b>—   '''-</b> '''				₩				4.74	0.56
SILC-Stage   11	1		1	476			╁					1.95
18.39   104.96   10.00   104.96   10.00   104.96   10.00   105.96   10.00   105.96   10.00			Ugnit				+-					
Abord   16.22   915.94   0.00   915.94   Traiff   0.00   1.00				18.3	9		╫				0.00	0.56
Minimization power test bill   Minimization   Min			Atom	C 116.:	22	915.84				1		
NITC Code Stage - (New Themas Station)   Annual Power Company Limited (IGSTPS)   Thermal   Station   Sta		NIC Tomilpody Downstat St.		<u> </u>			П			Tariff		
Arwall Power Company Limited (IGSTPS)   Thermal   Salata   Salat			<del>.  </del>				11_	230.01	603,48	143.80	39.68	1.73
Arrew Bill		Aravali Power Company Limited (ICSTP	9	143.0	<b>H</b> 1	654.66	₩	380.30	274.36	71.30	41.42	
Sundled Power under JINISM Ph-1 & Ph-1			Therm.	4	Ï		Ш	i i		50.16	0.00	
Total CSSThermal (Hindus), SER & ISS)   1579-533   288-18   12771-83   1316-26   278-56   1.12			7		-		╫╴	<del></del>				
PP - Thermal (Pishoday, SER & ISSC)   1578-5.53   2481.99   12771.43   1316.26   278.55   1.12	<u> </u>		-11	539,1	*	2532.42	Ш	0.03	2632.39	_	0.00	0.00
### - Thermal (Institution)   104.00	<u> </u>			2330.5	9	15259.53	╫	2468.18	12771.43		279 56	
Thermal Powertech Corporation India   Thermal   29.55   1676.47   126.02   1750.45   309.84   20.81   1.65   400.00   2188.58   228.43   1890.14   260.99   28.27   1.24   1.65	1	NPF - Thermal (Hinduja, SER & KSK)									2/8.56	1.12
	1	Thornal Bassached Community - 1				4182.25		898.98	3283.78	0.00	0.00	0.00
Total PP - Thermal   1670.55   128.56   228.43   1880.14   260.99   28.27   1.24	2017-18		_ Inema				上	126.02	1750.45	309.84		
GENCO-Hyde    Hyde    770.00   538.92   0.00   558.52   168.89   0.00			<del>- </del> -	400.00		2108.58	₽	228.43	1880.14	260.99	28.27	
GRNCD-Hydel   Hydel   770.00   558.92   0.00   558.93   168.89   0.00		(Hinduja, SER, & ICSK)	1	1670.5	5	\$1,67.29		1253.43	6914.38	570.83	49.08	0.30
NSICPH	<u> </u>				_		┢					
POSICIPAT   Upper Sileru   Lower S			Hydel	770.00	)	558.92	Т	0.00	558.92	168 89	0.00	
Common   C			4			56.54		0.00				
Donkarayi			-{					0.00	471.67			
Pennashobilam   Mini Hydel (Chettipeta)			┨		- 11		<u> </u>		1087.39	107.03	0.00	
Mini Hydel (Chettipeta)		Pennashobilam	1				<b> </b>				0.00	
Ramagir Wind Mills		Mini Hydel (Chettipeta)	Hydel		- 13		⊩					
NSTPDC PH		Ramagiri Wind Mills	1		1		┢				0.00	
Machinard   S4.00   233.83   0.00   233.83   25.35   0.00	2917-18		]	50.00	- 1						(NS Cr) (II) (II) (III) (III) (III) (IIII) (IIIIIIII	
STATE   STAT				84.00	-10	233.83						
Interest on Pension Bonds	2017-18  2017-18  2017-18  2017-18  2017-18  2017-18  10  10  10  10  10  10  10  10  10			57.60	-10			0.00	70.84			
Income Tax for FY 16-17			<b></b>	0.00	- 1		ļ		21.64	29.96	0.00	
Suppl Callims for IPB 2014-15,2015-16,2016-17   0.00   0			<del>                                     </del>		-1-4		╄				0.00	
Post   Genco   Hyde    1797.60   2655.01   0.00   47.53   0.00		Suppl Calims for IPB 2014-15,2015-16,2016	-17		+		-					
PP- GAS (GGPP, GAS IPPS & APGPCL)   216.00   1057,69   26.57   1030.25   21.23   0.53   0.20		Total GENCO-Hydel			-1-4		╁─					
Now Own Source previously GVK-I)   216.00   1057.69   26.57   1030.25   21.23   0.53   0.20		PP-GAS (GGPP, GAS IPPS & APGPCL)			1		1		2033.01	1136.03	0.00	
Spectrum Power   205.00   561.05   56.65   560.40   5.00   0.01   0.15				216.00	- 1	1057 60	٠.					
ANCO Kondapalli   Gas   Sal. 92   645.08   0.04   645.05   64.30   0.00   1.00	2017-12 2017-13 2017-18						Ľ	0.57	1030.25	21.23	0.53	0.20
SRIVATHSA POWER   17.20   53.44   0.00   53.44   3.17   0.00   1.00	2017-18		C		14		_			5.00	0.01	0.15
APGPCL-Stage-I 9.33   3.69   0.00   33.69   4.11   0.00   APGPCL-Stage-II 24.96   113.32   0.00   113.32   7.38   0.00   Total MPF-GAS (GGPP, GAS MPS & 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   0.00   NRE-Wind Wind 3931.00   0.00   0.00   0.00   0.00    NRE-Others (Including Swapping)   0.00   0.00   0.00   0.00   Total Others (Including Swapping)   9065.10   0.00   0.00   0.00   0.00   Grand Total			vas		1		+-					
APGPCL-Stage-II 24,96   13.32   0.00   113.32   7.38   0.00    Total MPF-GAS (GGPP, GAS MPS & 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   0.00    NRE-Wind   Wind   3931.00   0.00   0.00   0.00   0.00    NRE-Others   Including Swapping)   5065.10   0.00   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   6913.34   4723.55					+		_					
Total MPF-GAS (GGPP, GAS MPS & APGPCL)   834.41   2464.27   27.26   2436.14   105.19   0.55   0.20		APGPCL-Stage-II	' <b>}</b>		1 1							
NRE - Solar   Solar   4555.00   0.00   0.00   0.00   0.00		Total IPP-GAS (GGPP, GAS IPPS & APGPC	<del>,                                    </del>		_		_					
NRE - Wind   Wind   3931.00   0.00   0.00   0.00   0.00	į.	NRE - Solar			7		-		-50.14			0.20
NRE-Others   Dio-mass	une out					_						
			bio-mass	579.10			_					
		Intal Others (Including Swapping)			-		0	2.00				
							_					
		1		<i>LEH</i> 0.75	1 5	1660.23	691	12.34 44	747.55	580.00	871.70	1.26



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

#### 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. 64 -10-2019

Sir,

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

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

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

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

### Response

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 indurred centrally to optimize 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.

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 &

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 vear 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. 3. While supply of power from TS Genco is lesser by

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.

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.

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 On earlier occasions, the Discoms 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

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.

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.

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 powerfrom 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.

4. The Discoms have maintained that they have incurred fixed cost more by Rs.1786 crore against Rs.4026 crre approved by the Commission. While the fixed cost paid to thermal stations of TS Genço 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), Rs.1786 crore Discoms have paid the

Response

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.

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.

During certain instances in the grid operations, Thermal Power Stations are backed down to accommodate Renewable Energy sources which have been conferred.

additionally. It confirms that compared to the quantum of power not purchased from TS Genco purchased power guantum of and the 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?

- 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 nonconventional 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?
- 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

### Response

"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.

The quantum of backing down & fixed charges paid to AP Genco stations for the above period are furnished in the enclosure.

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. Per Unit Cost of the Thermal Power Backed down are furnished in the enclosure.

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.

	Dave No Det CY	11	Т-			
ૄ	Para No /Brief Issue		4		esponse	
	not to approve payment of additional sum					
	Rs.946.66 the Discoms have claimed to have p					
	to the said station under true-up. When fixed o	ost				
	was approved by the Commission for availabi	lity				
	at 80% PLF and when the station could achi-					
	56.72% PLF only, liquidated damages should					
	collected from SDSTPS-1 for generation a	nd				
L	supply of power below threshold level.					
7	. The Discoms have claimed that while	the	Ov	nership wise / S	ource wise	variation in
	Commission approved Rs.3.01 per unit as	he	1 1	pect of the per uni		
	average variable cost for the year 2017-18, the			ble 15 of the petition		9 B
	have paid @ Rs.3.08 per unit. They have a			e increase in varial		e to increase
Ì	explained the reasons for paying higher varia			Basic price, Fuel		
ı	costs. The justification or otherwise for paying	11		ied by the Coal	•	• •
	higher variable costs needs to be examined.			reased freight cha	•	-
				d other transportat		
8	. The Discoms have claimed that other costs pa	id.		ier Costs include e		
-	by them increased to Rs.961 crore from Rs.4			ount of Addition	•	
	crore approved by the Commission. They ha			ids, incentives p		
	not explained what those other costs are and w			ment of Income Ta		
	a sum of Rs.553 crore was paid by them. T			enditures made		
	justification and permissibility for paying such					
	huge amount for unexplained other costs need		Sur	mitted for admissi	on in to the	rue-op
1	be examined.			,		
9	717	1	Λα	non Clause 1 20e) e	fall Natt C	Na AD annual
ر ا	determine the amounts taken over or to be take	to	AS	per Clause 1.29a) o	r the Mou, C	OAP agreed
	over by GoAP from the debts of the Discoms f			ake over 75% of wo 3461.75 Crs. and		
ĺ	the year 2017-18 under UDAY and deduct the			2546.15 Crs. of the A		
	same from their true-up claims. In the subje	U.		on 30 <sup>th</sup> September, 2		
	petition, the Discoms have not given the details			ed G.o.Ms.No.27,		
	taking over of their debt by GoAP under UDAY.			estment (Power-I)		
	taking over of their debt by doAr under ODA1.		201		Departiment	, ui.20-0/-
			201	<b>.</b>	Outstanding	loans as on
					30-09-	
			Car	ex Loans	3712.49	<del></del>
			Wo	rking capital Loans	8461.76	
				Bonds Liability	2546.15	
			Tot		14720.40	]
			Out	of the total outstand	ing loans of F	Rs.14720.40
		'	Crs.	as on 30-09-201:	5, GoAP ha	s accorded
	•		appr	oval for takeover o	t 75% of wo	rking loans
	•		(Ks.	6346.32 Crs.) and	100% of 1	FRP bonds
			(Ks.	2546.15 Crs.).		-
•		r		· · · · · · · · · · · · · · · · · · ·		
				EPDO		Total
			-	nst 100% FRP   1205	.95 1340.20	2546.15
			Bon		F2 4054 55	
			Agai	nst 75% 2094 King capital loan	.53   4251.79	6346.32
			Tot		.48 5591.99	8892.47
		<u>(                                    </u>	100	3300	.70 3331.33	0054.47

Para No /Brief Issue		Response						
		As on date GoAP h below:  Against 100% FRP Bonds Against 75% working capital loan  Total	eppcl 904.46 2094.53 2998.99	SPDCL 1005.23 4251.79 5257.02	Total 1909.69 6346.32 8256.01			
10. We request the Hon'ble Commission to dire Discoms to seek additional subsidy require purchases made in market far exceeding quantum permitted by the Commission and other sources from GoAP, since they did not prior approval of the Commission for purchadditional quantum, procedure to be adopted additional quantum, procedure to be adopted on tariff. The powers-that-be should be bround to scrupulously adhere to regular requirements of the Commission for purchagory and additional power.  11. Carrying cost claimed by the Discoms to the of Rs.660 crore under true-up is not permit we request the Hon'ble Commission to reject claim for carrying cost. The Discoms has submit their true-up claims in time and consumers should not be penalised for caused by the Discoms in submitting the same during the public hearing after reconsumers during the public hearing after reconsumers during the public hearing after reconsumers during the public hearing after reconsumers during the public hearing after reconsumers during the public hearing after reconsumers during the public hearing after reconsumers during the public hearing after reconsumers.	ed for g the from t seek hasing ed for ought latory hasing et une stible. Et the delay me.	For the reasons by DISCOMs, the True submitted with a distance been claimed. The requested to conditate True-Up claim is within the purview.	eyond to elay and The Honor the concept th	che controlle Commission to has been controlle	en carried swapping cal.  Fol of the ave been cost also mission is approve g costs.			
person during the public hearing after records responses of the Discoms to our amentioned submissions and studying analysing the same.	ıböve-							

Yours faithfully,

Chief General-Manager RAC :: APSPDCL

Copy submitted to the Secretary, APERC, 11-4-660, 4<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Lakdikapul, Hyderbad-04

### **Enclosure**

		AP DISCO	MS Back Do	wn Fixed Cost	fo	FY 2017-	2018				
Year	Source	Plant	Installed Capacity	Available energy (MU)		ackdown ergy (MU)	Energy Purchased	Total FC (Rs Cr)	FC paid due to Back down [Rs Cr]	Per Unit Cost of Backdown Rs per unit	
		-	(MW)	(0)	┝	(6)	(MU) . (g)	(h)	(i)	(j) = (i)/(f)*10	
<u>(2)</u>	(b) AP GENCO -Thermal	(c)	(d)	(e)	┢	(1)	· (8)	(")		0,-(,,,(,,, 22	
	Dr.NTTPS Stage-1				Г						
	Dr.NTTPS Stage-II	1	1260.00	6605.91		447.04	6158.87	558.62	37.80	0.85	
	Dr.NTTPS Stage-III	4		0	<u> </u>	407.79	2473.01	207.17	27.32	1.46	
	Dr.NTTPS Stage -IV	┨	500.00 420.00	2659.72 2590.91	├	187.71 447.59	2472.01 2143.31	387.17 242.98	41.97	0.94	
2017-18	RTPP Stage-II	Thermal		2755.84	Η	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	L	0.00	0.00	0.00	0.00		
	Thermal Incentive for FY 2016-17	-	0,00	0.00	┝	0.00	0.00	0.00	0.00		
	FCA for 2016-17 Total AP GENCO -Thermal	1	0.00 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			1							
2017-18	SDSTPS-I	Thermal	1600.00	5906.49		1423.54	4482.95	1403.90	338.36		
	SDSTPS-II Total APPDCL (Krishnapatnam) -Thermai	-	1600.00	5906.49	H	1423.54	4482.95	1403.90	338.36	2.38	
	CGS-Thermal		1000.00	1	-	12337	7 10.23.5				
2057 40	NTPC (SR) Ramagundam St.I&II		274.23	2109.43		354,11	1755.32	124.11	20.83	0.59	
2017-18	NTPC (SR) Simadri Stage 1	Thermal	461.10	3180.58	L	495.69	2684.89	442.97	69.04	1.39	
	NTPC (SR) Simadri Stage 2	<b> </b>	188.64	1435.91 1300.11	_	421.26 104.90	1014.66 1195.21	203.06 81.28	59,57 6.56	0.63	
	NTPC (SR) Talcheru St.II NTPC (SR) Ramagundam St.III	Thermal	175.32 68.92	558.13	$\vdash$	84.15	473.97	31.43	4.74	0.56	
	NTECL Valluru Thermal Power	<u> </u>	87.93	568.11		87.83	480,28	111.04	17.17	1.95	
	NLC-Stage-1	Lignite	47.60	326.04	Ц	112.98	213.06	21.18	7.38	0.65	
	NLC-Stage - II		86.87	639.84	⊢	216.83	423.01	35.93	0.00	0.56	
	NPC (MAPS) NPC (Kaiga Unit-I,II & III)	Atomic	18.39 116.22	915.84	<del> </del>	0.00	104.96 915.84	Single Part	0.00		
2017-18	NPC KUNDANKULAM (arrear Bill)	1	1,10,22	1	_	1	3.5.57	Tariff	0,00		
	NLC Temilnadu Power Ltd Stage.1		123,15	833.50		230.01	503.48	143.80	39.68	1.73 <u> </u>	
	NTPC Kudgl Stage-I (New Thermal Station)	Thermal	143.04	654.66	L	380.30	274.36	71,30	41.42	1.09	
	Aravali Power Company Limited (IGSTPS)							50.16	0.00		
	(Arrear Bill)			1				Single Part			
	Bundled Power under JNNSM Ph- I & Ph-II		539.18	2632.42		0.03	2632.39	Tariff	0.00	0.00	
	Total CGS - Thermal		2330.59	15259.53		2483.10	12771.43	1315.26	278.56	1.12	
	IPP - Thermal (Hinduja, SEIL & KSK)			1		200 00	9999 70	2.00		0.00	
	Hinduja National Power Corp Ltd(HNPCL) Thermal Powertech Corporation India	Thermal	1040.00 230.55	4182.25 1876.47		898.98 126.02	3283,78 1750,45	0.00 309.84	0.00 20.81	1.65	
2017-18	KSK Mahanadi Power Co.Ltd.,		400.00	2108.58		228,43	1880.14	260.99	28.27	1.24	
	Total IPP - Thermal		1670.55	£167.29		1253.43	6914.38	570.83	49,08	0.39	
	(Hinduja, SEIL & KSK)		1070.33	1)	_		432436				
	GENCO-Hydel	thidal	770.00	558.92		0.00	558.92	168.89	0.00		
	Srisaliam -RBPH NSRCPH	Hydel	90.00	556.54		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		
	Pennsahobilam	Hydel	20.00 1.00	2.25		0.00	3.68 2.25	10.44 0.77	0.00	·	
	Mini Hydel (Chettipeta) 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 NSTPHES 16-17 & 18-19		57.60	70.84 21.64		0.00	70.84 21.64	17.38 29.96	0.00		
	Interest on Pension Bonds	-	0.00	0.00		0.00	0.00	684.11	0.00		
	Income Tax for FV 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 IPP- GAS (GGPP, GAS IPPS & APGPCL)		1797.60	2655.01		0.06	2655.01	1196.09	0,00		
	Godavari Gas Power Plant		•	ıl ı				20.00		6.20	
	(Now Own Source previously GVK-I)		216,00	1057.69		26.57	1030.25	21.23	0.53	0.20	
2017-18	Spectrum Power	_	205.00	561.05	_	0.65	560.40	5.00	0.01	0.15	
200-20	LANCO Kondapalii	Gas	Gas	361.92	645.06		0.04	545.05 ' 53,44	54.30 3.17	0.00	1.00
	SRIVATHSA POWER APGPCL-Stage-I		17.20 9.33	53.44 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 & APGPC	<b>y</b>	834.41	2464.27		27.26	2436.14	105.19	0.55	0.20	
	NRE - Solar	Solar	4555.00	<u> </u>		0.00		0.00	0.00		
		Wind	3931.00	0		0.00		0.00	0.00		
2017-18	NRE-Wind		579 10	1) I		0.00		a.an i	U.Urt		
2017-18	NRE- Others	bio-mass	579.10	1		0.00		0.00	0.00		
2017-18			579.10 9065.10	() (0.00	_	<del> </del>	0.00				



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

From

The Chief General Manager, RAC, APSPDCL, 19-13-65/A, Vidyut Nilayam, Srinivasapuram, Tirupati – 517501. To Sri B.Tulasidas, S4- Devi Towers, Sambamurty 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

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.

Response

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 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

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 On earlier occasions, the Discoms 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, Response

to such generators would be reduced proportionately as per the provisions of the PPA.

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.

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.

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.

Another 1200 MU of energy has been procured through banking mechanism

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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 powerfrom 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

Response

(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.

purchases as and when they seek. The Discoms have maintained that they have incurred fixed cost more by Rs.1786 crore against Rs.4026 crre 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 paid have Rs.1786 crore additionally. It confirms that compared to the quantum of power not purchased from TS Genço and the quantum of power purchased

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.

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

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 and fixed charges paid therefor to AP Genco and other thermal stations, if any?

Response

payment, if they confirm the availability, as per the provisions of the PPAs.

The quantum of backing down & fixed charges paid to AP Genco stations for the above period are furnished in the enclosure.

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 nonconventional 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?

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. Per Unit Cost of the Thermal Power Backed down are furnished in the enclosure.

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

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.

						[ ]
Para No /Brief Issue			Respo	nse		
was approved by the Commission for avail					· · · · · · · · · · · · · · · · · · ·	
at 80% PLF and when the station could ac	1					
56.72% PLF only, liquidated damages show	uld be					
collected from SDSTPS-1 for generation						
supply of power below threshold level.						
7. The Discoms have claimed that while	the	Ownership wise	e / Sour	rce wise	variation	n in
Commission approved Rs.3.01 per unit a	s the	respect of the pe				
average variable cost for the year 2017-18		Table 15 of the p			, oc 10 81 v c	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
have paid @ Rs.3.08 per unit. They hav		The increase in v		cost is du	a to incre	2250
explained the reasons for paying higher var		in Basic price,				
costs. The justification or otherwise for p	aving	levied by the				
higher variable costs needs to be examined.		increased freigh				
San San San San San San San San San San		and other transp				ays
8. The Discoms have claimed that other costs	naid	Other Costs incl				1 020
by them increased to Rs.961 crore from R	6 408	account of Add				
crore approved by the Commission. They	have					
not explained what those other costs are and	TAZHTZ	bonds, incentive	es paid	n any	and, act	tuai
a sum of Rs.553 crore was paid by them		payment of Incor expenditures m	ne rax.	nese are	come prud	ent
justification and permissibility for paying su	ich a	submitted for ad				and
huge amount for unexplained other costs ne	ed to	submitted for au	1111221011	m to the	rrue-op	
be examined.						
9. We request the Hon'ble Commission	to	As per Clause 1.2	0a) of th	e MoII (	To A D. com	boo
determine the amounts taken over or to be t	akon	to take over 75% of	of working	e Mooital	torm loor	eeu
over by GoAP from the debts of the Discom		Rs.8461.75 Crs.				
the year 2017-18 under UDAY and deduct		Rs.2546.15 Crs. of				
same from their true-up claims. In the sul		as on 30 <sup>th</sup> Septem	her 201	2 y coord Moonly 2	ingly Go	MB
petition, the Discoms have not given the detail		issued G.o.Ms.No				
taking over of their debt by GoAP under UDA		Investment (Pow				
described of their described dorn under Oph		2016.	0.1) 15	opar union	i, ui.20-i	-
			C	utstanding	loans as o	<u></u>
,				30-09		"
	[	Capex Loans	37	12.49	· · · · · · · · · · · · · · · · · · ·	7
		Working capital Loan	s 84	61.76		
		FRP Bonds Liability		46.15		
'		Total		720.40		
,		ut of the total out	standing	loans of I	Rs.14720.	40
•		rs. as on 30-09	-2015, (	JOAP ha	s accord	ed
	a	pproval for takeo	ver of /:	01 W0	rking loa	ns
,		Rs.6346.32 Crs.)	and 10	10% Of 1	FRP bon	.ds
	(	Rs.2546.15 Crs.).				
			EPDCL	SPDCL	Total	
		Against 100% FRP	1205.95	1340.20	2546.15	
	;}	Bonds				
	31   1	gainst 75%	2094.53	4251.79	6346.32	
	" ( —	working capital loan	2222			
•	11 11	lotal	3300.48	5591.99	2292 47	- 1

Total

below:

As on date GoAP has taken over loans as given

**EPDCL** 

SPDCL

3300.48 5591.99

8892.47

Total

Para No /Brief Issue					I	Response	;	
·			_	100%	FRP	904.46	1005.23	1909.69
		:   <b> </b> -	Bonds	75% wo	rking	2094.53	4251.79	6346.32
		≀	capital l		n King	2094.33	4231.79	0340.32
		, I F	Total			2998.99	5257.02	8256.01
				· · · · · · · · · · · · · · · · · · ·		<u></u>	l	
10. We request the Hon'ble Commission to di	rect th	e 7	he D	ISCOM	ls a	re com	plying v	vith the
Discoms to seek additional subsidy requ	ired fo	r d	lirectio	ons of t	the H	on'ble C	ommissio	on in this
purchases made in market far exceed	ing th	e r	egard.	Marke	t pro	curemen	t has bee	n carried
quantum permitted by the Commission a	nd fron	n   o		through		xchange		swapping
other sources from GoAP, since they did r	10t see	k   a	rrange	ement e	or DE	EP E bid	ding port	al.
prior approval of the Commission for pur	chasin	g						
additional quantum, procedure to be ado	pted fo	r						
real and transparent competitive bidding	and ca	<b>p</b>						
on tariff. The powers-that-be should be	brough	t						
round to scrupulously adhere to reg	gulator	y						i
requirements of the Commission for pur	chasin	g						
power and additional power.								
11. Carrying cost claimed by the Discoms to t	he tun					-		ol of the
of Rs.660 crore under true-up is not perm	nissible			•		-		ve been
We request the Hon'ble Commission to re	ject th	1				-		cost also
claim for carrying cost. The Discoms l	nave t	: 1			•			nission is
submit their true-up claims in time a	ınd th	) ;					•	approve
consumers should not be penalised for	r dela	y   tl	ne Tru	e-Up cl	aim i	ncluding	carrying	costs.
caused by the Discoms in submitting the s	same.	<u> </u>						
12. We request the Hon'ble Commission to	provid		Vithin	the pu	rview	of Hon't	ole APERO	j.
us an opportunity to make further submis	sions ii	ן נ						
person during the public hearing after re	ceivin	<b>3</b>						
responses of the Discoms to our								
mentioned submissions and studyin	ig and	1						
analysing the same.		1			····	· · · · · · · · · · · · · · · · · · ·		
	. }	ŀ						

Yours faithfully,

Chief General Manager RAC :: APSPDCL

Copy submitted to the Secretary, APERC, 11-4-660, 4<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Lakdikapul, Hyderbad-04

	1				AP DISC	OMS B	ck De	own Fixe	d Cos	for FY 201	7-2018				
	Y	ear Source			1	Inst	alled			T	7				
i	l	Source			Plant	Cap	acity	Avail		Backdown	Ener		tal FC (Rs	FC paid de	e Per Unit
- 1	-	(a) (b)				[M	rv/)	energy	(MU)	energy (MU	Purcha	~~	(r)	to Back dos	wn of Backdo
- 1					(c)	16	1)	1-6	<del> </del>		(MU	)	u,	(Rs Cr)	perun
- 1		AP GENCO -Thermal				1	-	(e)		<u>(f)</u>	(g)		(h)	(1)	
		Dr.NTTPS Stage-I					+-	<del> </del>					~~		<u>  (i) = (i)/(f</u>
- 1		Dr. NTTPS Stage-II			1	1260	100	ecor.	<u> </u>						<del></del>
- 1		Dr.NTTPS Stage-III			1		T I	6505.	14	447.04	6158.8	7   5	558.62	37.80	i
- 1		Dr.NTTPS Stage -IV				500.	<del>(1)</del>					- 1		37.00	0.85
	2017	-18 RTPP Stage-I				420.		2659.7	<del></del>	187.71	2472.0	1 3	87.17		
- 1		RTPP Stage-II			Thermal	420.0	_	2590.9		447.59	2143.31		42.98	27.32	1.46
- 1		RTPP Stage-III		$\neg$		210.0		2755.8		466.70	2289.14		70.93	41.97	0.94
- 1		RTPP Stage-IV		$\neg$	- 1			1102.3		170.96	931.42		27.22	62,82	1.35
		Thermal Incentive for FY 2016	17	$\neg$	- 1	600,0		0.00	$\perp \perp$	0.00	0.00			35.24	2.06
		FCA for 2016-17			ŀ	0.00		0.00	$\Box$	0.00	0.00	_	0.00	0.00	
<u> </u>		Total AP GENCO -Thermal		$\neg$	ŀ	0.00		0.00		0.00	0.00		L17 L00	0.00	
-		Total TSGENCO - Thermal			hermal	3410.0	<u> </u>	15714.7	1	1720.01	13994.75		88.10	0.00	
-		APPOCL (Krishnapatnam) -Ther	mai	<del></del>	TEITIGI	2212.5	0	1492.89	$\Box \Box$	0.00	1492.89	<del></del>		205.15	1.19
2	2017-1	18 2D2152-1		٦,	hermai								9.63	0.00	
		SDSTPS-II		_	THE STATE OF	1600.00	o	5906,49	ΙГ						
-		Total APPOCI (Krishnapatnam)	Therm	<del>.</del>				0500,45	Ш	1423.54	4482.95	140	3.90	338.36	
1		cus-inermal	***************************************	<del>-</del>  -		1600.00	Ш_	5905.49	$\sqcap$	1423.54	4482.95	+	_		
2	017-11	NTPC (SR) Ramagundam St. (&II)					111_		$\sqcap$		4402.95	140	3.90	338,36	2.38
1		NTPC (SR) Simadri Stage 1		- _	, L	274.23	ᆀ	2109,43		354.11	1755.32	<del></del>			
<u> </u>		NTPC (SR) Simadri Stage 2		⊣ <i>"</i> "	ermal	461.10		3180.58	_	495.69		124.		20.83	0.59
1		MTPC (SR) Talcheru St. II		+-		183,54		1435.91		421.26	2684.89	442.		69.04	1.39
1		NTPC (SR) Ramagundam St III				175.32		1300.11		104.90	1014.66	203.		59.57	1.41
1		NTECL Valluru Thermal Power		-  The	ermal	68.92		558.13	11	84.15	1195.21	81.2		6.56	0.63
1		NLC-Stage - 1				87.93		568.11		87.83	473.97	31,4	13	4.74	0.56
1		NLC-Stage - II		- Ug	nite -	47.60		326.04		12.98	480.28	111.0		17.17	1.95
		NPC (MAPS)		4-		85.87		539.84	_	16.83	213.06	21.1		7.38	0.65
201	17-18	NPC (Kalga Unit-I,II & III)		١		18.39		L04.96		0.00	423.01	35.9	3 :	12.17	0.56
		NPC KUNDANKULAM (arrear Bill)		- Ato	mic	116.22		15.84			104.96	Single P	Part	0.00	
		NLC Tamilnadu Power Ltd Stage.1		<b>├</b>					<del>  '</del>	-	915.84	Tarifi		0.00	
		NTPC Kudgi Stage-I (New Thermal S		4	11	23.15	8	33.50		0.01				0.00	
		Aravali Power Company Limited ()	Ration)	1	1	43.04	_	54.66			503,48	143.80	) 3	9.68	1.73
		(Arrear Bill)	GSTPS)	Then	mal				-30	0.30	274.36	71.30	4	1.42	1.09
							Ш			1	- 1	50.16			
		Bundled Power under JNNSM Ph-1										50.10	0	.00	ł
		Total CGS - Thermal	& Ph-11			39.18	26	32.42	0.	03   20	32.39	Single Pa	irt		
		IPP - Thermal (Hinduja, SER & KSK)			23	30.59	152	59.53			333	Tariff	0.	.00	0.00
		Hinduja National Power Corp Ltd(H					• 1	29.33	243	1.10 12	771.43	1316.26	271	1.56	
2017-	1	Thermal Powertech Corporation Inc	NPCL)		104	0.00	418	2 25	<del> </del>	<del></del>				-	1.12
2017-	**	KSK Mahanadi Power Co.Ltd.,	lia	Them	nal 234	0.55	187		898		33.78	0.00	0.0	00	0.00
	- 5	Total IPP - Thermal			400	0.00	210		126		50.45	309.84	20.	81	1.65
	- [	(Hinduja, SEIL & KSK)	- 1				1	-	228.	43 18	0.14	260,99	28.		
	0	SENCO-Hydel			1670	1.55	8167	7.29	1253.	43 691	4.38	F70.00			1.24
		risallam -RBPH					+					570.83	49.1	28	0.39
		SRCPH	H	ydel	770.	.00	558.	92	-						
	_	pper Sileru			90.0	00	56.5		0.00			168.89	0.00	<del></del>	
		ower Sileru			240.	00	471.		0.00			17.74	0.00		
		onkarayi			460.	00	1087.		0.00			55.84	0.00		
		ennaahobilam			25.0		118.1		0.00			107.03	0.00		
	M	ini Hydel (Chettipeta)	"	lydel	20.0		3.68		0.00	118		5.82	0.00		
	Ro	magiri Wind Mills	Щ″	ingi	1.00		2.25		0.00	3.6		10.44	0.00		
17-18		TPDC PH			0.00		0.00		0.00	2.2	5	0.77	0.00		
		chkund			50.00		30.07		0.00	0.0		0.00	V1.50		
		Dam	_	,	84.00		233.83		0.00	30.0	_	2.11	0.00	<del></del>	
		TPHES 16-17 & 18-19			57.60		70.84		0.00	233,8	3 2	5.35	0.00	<del></del> -	
						<del>-  </del>	21.64		0.00	70.8	1	7.38	0.00		
	NS	erest on Pension p		8	L_	- r				21.6		9.95	0.00	<del></del>	
	NS Inte	erest on Pension Bonds	_		0.00		0.00								1
	NS Inte	erest on Pension Bonds ome Tax for FY 16-17	1		0.00	-	0.00		0.00	0.00	68	4.11	0.00		
	Into Inco Sup	erest on Pension Bonds ome Tax for FY 16-17 opl Calims for IPB 2014-15 2015 16 as	16-17			-	0.00		0.00	0.00	68	.06	0.00		
	Into Inco Sup Tota	erest on Pension Bonds Ome Tax for FY 15-17 pl Calims for IPB 2014-15,2015-16,20 al GENCO-Hydel	16-17		0.00		0.00 0.00		0.00 0.00 0.00	0.00 0.00	68 3		0.00	+	
<del></del>	Into Inco Sup Tota Ipp	erest on Pension Bonds ome Tax for FY 15-17 ppl Calims for IPB 2014-15,2015-16,20 al GENCO-Hydel GAS (GGPP, GAS IPPS, & ADGRES)	16-17		0.00	2	0.00		0.00	0.00	68 3 47	.06	0.00		
	Inte Inco Sup Tota IPP	erest on Pension Bonds ome Tax for FY 16-17 pl Calims for IPB 2014-15,2015-16,20 al GENCO-Hydel GAS (GGPP, GAS IPPS & APGPCL) avail Gas Power Plant	16-17		0.00 0.00 1797.60	1	0.00 0.00 653.01		0.00 0.00 0.00	0.00 0.00	68 3 47	.06 7.59	0.00		-
	Into Inco Sup Tota IPP- God (Nov	erest on Pension Bonds ome Tax for FY 16-17 pl Calims for IPB 2014-15,2015-16,20 al GENCO-Hydel GAS (GGPP, GAS IPPS & APGPC1) avari Gas Power Plant N Own Source previously GVN, I	16-17		0.00	1	0.00 0.00		0.00 0.00 0.00	0.00 0.00 0.00 2655,0	68 3 47 1 119	.06 7.59 16.09	0.00 0.00 0.00		-
	Into Inco Sup Tota IPP- God (Non Spec	erest on Pension Bonds  ome Tax for FY 16-17  pl Calims for IPB 2014-15,2015-16,20  al GENCO-Hydel  GAS (GGPP, GAS IPPS & APGPC1)  avari Gas Power Plant  w Own Source previously GVK-I)  trum Power	16-17		0.00 0.00 1797.60	10	0.00 0.00 655.01	2	0.00 0.00 0.00 0.00	0.00 0.00 0.00 2655.0	68 3 47 1 119	.06 7.59 16.09	0.00	0.2	0
<b>-18</b>	Into Inco Sup Tota IPP God (Nov Spec LANC	erest on Pension Bonds  ome Tax for FY 16-17  pl Calims for IPB 2014-15,2015-16,20  d GENCO-Hydel  GAS (GGPP, GAS IPPS & APGPC1)  avari Gas Power Plant  N Own Source previously GVK-I)  trum Power  CO Kondapalli	16-17	s	0.00 0.00 1797.60 216.00	10	0.00 0.00 655.01 057.69	20	0.00 0.00 0.00 0.00 0.57	0.00 0.00 0.00 2655.0 1030.22	68 3 47 1 119	.06 7.59 16.09	0.00 0.00 0.00		
<b>-18</b>	Into Inco Sup Tota IPP- God (Nov Spec LANC SRIV	perest on Pension Bonds ome Tax for FY 15-17 pl Calims for IPB 2014-15, 2015-16, 20 pl Calims for IPB 2014-15, 2015-16, 20 pl GENCO-Hydel GAS (GGPP, GAS IPPS & APGPCL) avari Gas Power Plant w Own Source previously GVK-I) trum Power OK Kondapalli ATHSA POWER		s	0.00 0.00 1797.60 216.00	10 54 64	0.00 0.00 655.01 057.69 51.05	20 00 00	0.00 0.00 0.00 0.00 0.57 65	0.00 0.00 0.00 2655.0 1030.2: 560.40 645.05	68 3 47 1 119 5 21	.06 7.59 16.09	0.00 0.00 0.00 0.53	0.1	5
	Into Inco Sup Tota IPP- God (Non Spec LANC SRIV/ APGP	perest on Pension Bonds ome Tax for FY 15-17 ome Tax for FY 15-17 ppl Calims for IPB 2014-15, 2015-16, 20 al GENCO-Hydel GAS (GGPP, GAS IPPS & APGPCL) avari Gas Power Plant w Own Source previously GVK-I) trum Power CO Kondapalli ATHSA POWER CCL-Stage-I		s	0.00 0.00 1797.60 216.00 205.00 361.92 17.20	10 54 64 55	0.00 0.00 655.01 057.69 51.05 15.08 3.44	20 00 00 00 00 00 00 00 00 00 00 00 00 0	0.00 0.00 0.00 0.00 0.57 65 04	0.00 0.00 2655.0 1030.25 560.40 645.05	68 3 47 1 119 5 21	.06 7.59 16.09 .23 .00	0.00 0.00 0.00 0.53 0.01		5
	Inte Inco Sup Tota IPP God (Now Spec LANC APGP	erest on Pension Bonds ome Tax for FY 15-17 pl Calims for IPB 2014-15, 2015-16, 20 pl Calims for IPB 2014-15, 2015-16, 20 pl Calims for IPB 2014-15, 2015-16, 20 pl Calims for IPB 2014-15, 2015-16, 20 pl Cas (GGPP, GAS IPPS & APGPC1) avari Gas Power Plant w Own Source previously GVK-I) trum Power O Kondapalli ATHSA POWER CL-Stage-II CL-Stage-II	Ga	s	0.00 0.00 1797.60 216.00 205.00 361.92 17.20 9.33	10 54 64 53 33	0.00 0.00 655.01 057.69 51.05 15.08 3.44	20 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0.00 0.00 0.00 0.00 0.00 0.57 65 04 00	0.00 0.00 2655.0 1030.22 560.40 645.05 53.44 33.69	68 3 47 1 119 5 21 5.0 64.	.06 7.59 16.09 .23 .20 .30	0.00 0.00 0.00 0.53 0.01 0.00	0.1	5
	Into Inco Sup Tota IPP- God (Non Spec LANC SRIV/ APGP APGP Total	prest on Pension Bonds ome Tax for FY 15-17 pl Calims for IPB 2014-15, 2015-16, 20 pl Calims for IPB 2014-15, 2015-16, 20 pl Calims for IPB 2014-15, 2015-16, 20 pl Calims for IPB 2014-15, 2015-16, 20 pl Cas (GGPP, GAS IPPS & APGPPCI) avari Gas Power Plant w Own Source previously GVK-I) trum Power O Kondapalli ATHSA POWER CCI-Stage-II CL-Stage-II IPP- GAS (GGPP, GAS IPPS & APGRE	Ga	s	0.00 0.00 1797.60 216.00 205.00 361.92 17.20 9.33 24.96	10 54 55 53 33	0.00 0.00 655.01 057.69 51.05 15.08 3.44 3.69	20 00 00 0.	0.00 0.00 0.00 0.00 0.57 65 04 00	0.00 0.00 2655.0 1030.25 560.40 645.05	68 3 47 1 119 5 21 5.6 64. 3.1	.06 7.59 16.09 1.23 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.0	0.00 0.00 0.00 0.53 0.01 0.00 0.00	0.1	5
	Into Into Sup Tota IPP- God (Non Spec LANC SRIV/ APGP APGP Total NRE-	perest on Pension Bonds ome Tax for FY 15-17 ppl Calims for IPB 2014-15, 2015-16, 20 al GENCO-Hydel GAS (GGPP, GAS IPPS & APGPCI) avari Gas Power Plant w Own Source previously GVK-I) trum Power CO Kondapalli ATHSA POWER CCL-Stage-II IPP- GAS (GGPP, GAS IPPS & APGPP Solar	Ga	-	0.00 0.00 1797.60 216.00 205.00 361.92 17.20 9.33 24.96 834.41	10 54 55 53 33	0.00 0.00 655.01 057.69 51.05 15.08 3.44	2: 0 0 0. 0. 0.	0.00 0.00 0.00 1.00 5.57 65 04 00 00	0.00 0.00 2655.0 1030.22 560.40 645.05 53.44 33.69	68 3 47 1 119 5 21 5.6 64. 3.1 4.1 7.3	.06	0.00 0.00 0.53 0.01 0.00 0.00 0.00	1.00	5
18	Into Into Sup Tota IPP God (Non Spec LANC SRIV/ APGP APGP Total NRE- NRE-	perest on Pension Bonds  ome Tax for FY 15-17  ome Tax for FY 15-17  ppl Calims for IPB 2014-15,2015-16,20  al GENCO-Hydel  GAS (GGPP, GAS IPPS & APGPCL)  avari Gas Power Plant  w Own Source previously GVK-I)  drum Power  CO Kondapalli  ATHSA POWER  CCL-Stage-I  CL-Stage-I  CL-Stage-I  IPP-GAS (GGPP, GAS IPPS & APGPC)  Solar  Wind	Ga:		0.00 0.00 1797.60 216.00 205.00 361.92 17.20 9.33 24.96 834.41 4555.00	10 54 55 53 33	0.00 0.00 655.01 057.69 51.05 15.08 3.44 3.69	2: 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0.00 0.00 0.00 1.00 1.57 65 04 00 00	0.00 0.00 0.00 2655.0 1030.2! 560.40 645.05 53.44 33.69 113.32	68 3 4; 1 119 5.0 54, 3.1 7.3 105.	.06 7.59 6.09 .23 .00 .30 .7 1	0.00 0.00 0.00 0.53 0.01 0.00 0.00 0.00 0.00 0.55	0.1	5
18	Into Inco Inco Inco Inco Inco Inco Inco Inc	perest on Pension Bonds ome Tax for FY 15-17 pl Calims for IPB 2014-15, 2015-16, 20 pl Calims for IPB 2014-15, 2015-16, 20 pl Calims for IPB 2014-15, 2015-16, 20 pl Calims for IPB 2014-15, 2015-16, 20 pl Cas (GGPP, GAS IPPS & APGPL) avari Gas Power Plant w Own Source previously GVK-I) trum Power CO Kondapalli ATHSA POWER CL-Stage-I CL-Stage-I IPP- GAS (GGPP, GAS IPPS & APGPL Solar Wind Others	Ga:		0.00 0.00 1797.60 216.00 205.00 361.92 17.20 9.33 24.96 834.41 4555.00 3931.00	10 54 55 53 33	0.00 0.00 655.01 057.69 51.05 15.08 3.44 3.69 3.32 4.27	20 00 0.0 0.0 0.0 27.	0.00 0.00 0.00 1.00 5.57 65 04 00 00 26	0.00 0.00 0.00 2655.0 1030.2! 560.40 645.05 53.44 33.69 113.32	68 3 47 1 119 5.4 5.4 3.1 4.1 7.3 105 0.00	.06 7.59 6.09 .23 .20 .30 .7 .7 .1 .8	0.00 0.00 0.00 0.53 0.01 0.00 0.00 0.00 0.00 0.55	1.00	5
18	International In	perest on Pension Bonds ome Tax for FY 15-17 pl Calims for IPB 2014-15, 2015-16, 20 pl Calims for IPB 2014-15, 2015-16, 20 pl Calims for IPB 2014-15, 2015-16, 20 pl Calims for IPB 2014-15, 2015-16, 20 pl Cas (GGPP, GAS IPPS & APGPC1) avari Gas Power Plant w Own Source previously GVK-I) trum Power CO Kondapalli ATHSA POWER CCL-Stage-I CL-Stage-I IPP- GAS (GGPP, GAS IPPS & APGPL Solar Wind Others 6 (Including Swapplage)	Ga:		0.00 0.00 1797.60 216.00 205.00 361.92 17.20 9.33 24.96 834.41 4555.00	10 54 55 53 33	0.00 0.00 655.01 057.69 51.05 15.08 3.44 3.69	2: 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0.00 0.00 0.00 1.00 5.57 65 04 00 00 26	0.00 0.00 0.00 2655.0 1030.2! 560.40 645.05 53.44 33.69 113.32	68 3 47 11 11 5.0 64. 3.1 7.3 105. 0.00 0.00	.06 7.59 6.09 .23 .20 .30 .7 .7 .1 .8	0.00 0.00 0.00 0.53 0.01 0.00 0.00 0.00 0.00 0.55 0.00	1.00	5
18	International In	perest on Pension Bonds ome Tax for FY 15-17 pl Calims for IPB 2014-15, 2015-16, 20 pl Calims for IPB 2014-15, 2015-16, 20 pl Calims for IPB 2014-15, 2015-16, 20 pl Calims for IPB 2014-15, 2015-16, 20 pl Cas (GGPP, GAS IPPS & APGPC1) avari Gas Power Plant w Own Source previously GVK-I) trum Power CO Kondapalli ATHSA POWER CL-Stage-I CL-Stage-I IPP- GAS (GGPP, GAS IPPS & APGPC1) Solar Wind Others [Including Swapping] Others (Including Swapping)	Ga:	iss.	0.00 0.00 1797.60 216.00 205.00 361.92 17.20 9.33 24.96 834.41 4555.00 579.10	10 56 64 53 31 11 246	0.00 0.00 655.01 0.57.69 51.05 15.08 3.44 3.69 3.32 4.27	20 00 0.0 0.0 0.0 27.	0.00 0.00 0.00 0.00 0.00 0.5.57 65 04 00 00 00 00 00	0.00 0.00 0.00 2655.0 1030.2! 560.40 645.05 53.44 33.69 113.32	68 3 47 1 115 5.0 64. 3.1 4.1 7.3 105. 0.00 0.00	.06 7.59 6.09 .23 .23 .20 .30 .7 .1 .8 .19	0.00 0.00 0.00 0.00 0.53 0.01 0.00 0.00 0.00 0.00 0.55 0.00 0.00	1.00	5
18	International In	perest on Pension Bonds ome Tax for FY 15-17 pl Calims for IPB 2014-15, 2015-16, 20 pl Calims for IPB 2014-15, 2015-16, 20 pl Calims for IPB 2014-15, 2015-16, 20 pl Calims for IPB 2014-15, 2015-16, 20 pl Cas (GGPP, GAS IPPS & APGPC1) avari Gas Power Plant w Own Source previously GVK-I) trum Power CO Kondapalli ATHSA POWER CCL-Stage-I CL-Stage-I IPP- GAS (GGPP, GAS IPPS & APGPL Solar Wind Others 6 (Including Swapplage)	Ga:	iss.	0.00 0.00 1797.60 216.00 205.00 361.92 17.20 9.33 24.96 834.41 4555.00 3931.00	10 54 55 53 33	0,00 0,00 655,01 0 057,69 51,05 15,08 3,44 3,69 3,32 4,27	20 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0.00 0.00 0.00 0.00 0.00 0.557 65 04 00 00 00 00 00	0.00 0.00 0.00 2655.0 1030.2! 560.40 645.05 53.44 33.69 113.32	68 3 47 11 11 5.0 64. 3.1 7.3 105. 0.00 0.00	.06 7.59 6.09 .23 .23 .20 .30 .7 .7 .1 .8 .19	0.00 0.00 0.00 0.53 0.01 0.00 0.00 0.00 0.00 0.55 0.00	1.00	5

SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED For Perusal CORPORATE OFFICE :: TIRUPATI Secretary Lem\_ Enga. Member / PRM Τo Sri M.THimma Reddy, Law The Chief General Manager , Member / PR Convenor, Peoples's Monitoring RAC, APSPDCL, Group of Electricity Regulations Chairman 19-13-65/A, Vidyut Nilayam, 139, Kakatiya Nagar, Srinivasapuram, Hyderahad - 500 008 Tirupati-517501.

# Lr.No. CGM/RAC/APSPDCL/TPT/GM/RAC/FITrue-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

de 16/11/19 **Chief General Manager** 

**RAC** 

Copy submitted to

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

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1 8 NOV 2019 Hyderab

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

		~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~	tumma Keddy.
Para No /Brief Issu	e		1.70
1. APDISCOMS have filed a joint noticing		ingtion of the	APSPDCL Response
True up for the Retail Supply Business fo submit our comments on the same for the	r FY 201	1011 01 the	•
	Congida	7-10. Below	we
			ļ
2. While the quantum of power procured de as allowed in the Commission's Tariff (	<del> </del>		
as allowed in the Commission's Tariff (56,024 MU. the power purchase cost increase)	creased:	from 56,584 p	MU
56.024 MII the nower purch	arder for	FY 2017-18	to
56,024 MU. the power purchase cost increase as allowed in the said Tariff Order to	eased fro	m Rs. 21,490	.80
crore as allowed in the said Tariff Order t is, while power procured declined by 560	o Rs. 25	917 Crore, T.	hat
is, while power procured declined by 560 increased by Rs. 4,427 Crore. In other	MU pow	er purchase c	ost
increased by Rs. 4,427 Crore. In other declined by one percent and power pure	words,	power procur	red
declined by one percent and power pure 20.60 percent. Average power purchase	chase co	st Increased	by
20.60 percent. Average power purchase 3.80 per unit as allowed in the Toriff Order	cost incr	eased from F	₹s.
3.80 per unit as allowed in the Tariff Order claimed by the DISCOMs in their fillings.	r to Rs.	4.62 per unit	ครู
claimed by the DISCOMs in their filings, 3 21.58% in average power purchase cost	ignifyin	g an Increase	of
21.58% in average power purchase cost.			
J. APPISCOMS in their filings (7) 11	17) cla	med that the	A PDISCOV
Cyllilliosidi approved norven man-1	1.	23 231 0	ne APDISCOMs have included th
for FY 2017-18 while in the Tariff Order the Rs. 21,490.79 Crore towards the same (n. 21)	ie Como		re approved transmission charges o
Rs. 21,490.79 Crore towards the same (p.2) Commission allowed Rs. 29.66 Crore to	5) Simi	Idela	ed Rs.1739.73 Crs. (Transmission
Commission allowed Rs. 29.66 Crore to costs APDISCOMs claimed that the Costs	warda l	iarry, while th	ie cost, SLDC cost. PGCIL
costs APDISCOMs claimed that the Con 408 Crore towards the same. This needs to	miggion	icentives/office	er expenses & ULDC Charges
408 Crore towards the same. This needs to	intigatuti	approved K	under the head of power purchase
and a mode to t	e clatill	ga/verified.	cost in order to compute the
			power purchase cost variation at
		•	the boundary of the DISCOMe in
		^	order to arrive at filed approved
			power purchase cost of
			Rs.23230.52 Crs. The DISCOMO
			have included pension liabilities
			of Rs.378.22 Crs. in addition to
			incentives of Rs.29.66 Crs. under
ı			the head of other costs in order to
			arrive at filed other cost of
. While the Commission allowed Appropria			Rs.408 Crs.
	Is to pr	ocure 56.584	7-27-100 013.
MU during FY 2017-18 APDISCOMs in MU. It was nearly 1,000 MU higher than the	fact proc	ured 57.565	
MU. It was nearly 1,000 MU higher than the the Commission. APDSICOMS disposed of	quantur	allowed by	
the Commission. APDSICOMs disposed of 1 market as power consumption in the state day	540 MI	It the open	
market as power consumption in the state dur 56,025 MU. This raises doubts over progress	ing the v	Bat was only	
56,025 MU. This raises doubts over procure and above the limit set by the Commission	ment of	hower over	
and above the limit set by the Commiss expenditure incurred In procuring surplus	ion. An	A additional	
expenditure incurred In procuring surplus allowed.	Dower s	hall not be	
alluwed.	1, -,	nan not pe	1
While the Commission allowed procureme through market at an average cost of	ent of	05 67 1411	210.24.25
through market at an average cost of APDISCOMs procured 3.040 MI I from the	Re An	MU JOICE	219.34 MU is UI (Unscheduled
APDISCOMs procured 3,040 MU from the ma	thet m-	p per unit	Interchange)
11 of APDISCOMs submission provides deta MU only. There is no explanation about the	aila non-	ulti- Case	
MU only. There is no explanation about the rer	ana tega	raing 2,820	
Tamazon goodt tile let	naming .	20 MU.	

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 fillings. 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:

APSPDCL Response

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.

Per Unit Cost (Rs MU = Source cost (Rs) lñ Cr) 4.09 647 1,581 Exchange Energy Indian (Including STOA charges) 4.26 Steel exchange 4.00 6 15 Sarda Metal 36.67 11 Limited Power Manikaran (Including STOA charges) 2.00 Knowledge Infrastructure 4.51 668 1.611 Total

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' fillings 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 filling 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.

8.1 In the Tariff Order the Commission allowed Rs. 2,663.88 Crore towards procurement of6,597 MU of power from SDSTPS/APPDCL at the rate of Rs. 4.04 per unit. In the true-tip 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

existing the per 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 This exchange. states expenditure is actually being by the DISCOMs. incurred Whether it is adding up to the revenue of AP Transco over and above its regulated litcome 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.

DISCOMs have considered the power purchase costs of SDSTPS as per Hon'ble Commission order in O.P.No. 47 of 2017 & 1.A.No. 28 of 2017, Dated. 02-03-2019

ì				1
	Para No /Brief Issue			APSPDCL Response
	plant declined to 4,483 MU per unit cost i	ηcreas	ed to Rs.5.74	
	signifying an increase of 43 percent in power pu	irchase	cost from this	
	unit.			
	8.2 As SDSTPS achieved only 56.72% or	f PLF	compared to	Payment of fixed charges is
ı	normative threshold PLF of 80% penalty/di	isincen	itive shall be	always subjected to the actual
	collected from it for its underperformance.			availability of the plant and
1				accordingly plants showing lesser
	,			availability are disincentivized by
İ				reduction in the fixed charges
ł	8.3. Unit variable cost of SDSTPS (Rs. 2.61)	) la les	or those that of	proportionately.
	APGENCO units (Rs. 3.27). But while power pro	chreq 1 to lea	thom abatha	Even if variable cost of SDTPS is lesser, the DISCOMs could not
	is much lower than the projected quantity in the	S Case	of A BUESICO	procure upto the approved
ı	units it is much higher. Generation of power about	ove the	eshold PLF at	quantum in view of scarcity of
	SDSTPS would also have helped to bring do	own ur	ilt fixed cost.	fuel.
L	Reasons for lower power generation at SDSTPS n	reed to	be explained	
	9.1 APDISCOMs did not provide any explana	ation f	or variance in	The licensee has considered
7	fixed and variable cost of different power plan	nts co	npared to the	station wise fixed cost
	Commission's Tariff Order. While in the Tariff O	rder th	e Commission	computation as per Page Nos.
	allowed Rs. 6,412.88 Crore towards fixed costs	s DISC	COMs in their	328 & 329 of Retail Supply
	fillings mentioned approved fixed cost as Rs. 5,7	766 Cd	ore and within	Tariff Order for FY 2017-18 duly
l	this Rs.1,740 Crore were towards transmission Commission's Order transmission charges are not	charge t mont	es. But in the	deducting pension liabilities
	of fixed cost. These deviations in DISCO Ms' filin	rae maj t iiieliti	ke comparison	amount of Rs.378.22 Crs. and
	of power purchase cost difficult. Similarly, in the	Case o	f variable cost	adding transmission charges of Rs.1739.73 Crs. (Transmission
	while the Commission allowed Rs.15,048.26	5 Cro	re DISCOMs	cost, SLDC cost. PGCIL
	mentioned approved variable cost as Rs. 17057 (	Crore.	APDISCOMS	expenses & ULDC Charges)
	in their filings mentioned actual variable cost as	Rs. 17	.262 Crore. If	under the head fixed cost
	we go by APDISCOMs' claim about approved v	ariable'	cost increase	resulting in filed approved fixed
	in variable cost is only Rs. 205 Crore. But if we	go by	the approved	cost figure of Rs.5766.02 Crs.
	variable cost as mentioned in the Commission's T	Tariff (	Order Increase	The licensee has considered
	in variable cost is Rs. 2,214 Crore. These var	riation	in approved	station wise variable cost
	capital cost figures points to the need to	close	ly scrutinize	computation as per Pages Nos.
	APDISCOMs' claims regarding capital costs incur	rreq.		328 & 329 of Retail Supply
ĺ				Tariff Order for FY 2017-18 duly
				considering the un split costs of Hinduja, Damodaram
				Sanjeevaiah Plants-I & II and
ļ				DBFOO under variable costs in
				order to arrive at filed approved
L				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.

**APSPDCL** Response

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:

- 1) Srivathasa Rs.3 Crs.
- 2) KSK Mahanadi
  - Rs.355.16Crs.
- 3) Thermal Power Tech.
  -Rs.305.50Crs.

#### Total - Rs.663.66 Crs.

It appears that the objector has also included Hindula cost also into Fixed Cost of IPPs. As per the Tariff Order Hindula has been accorded single part tariff. Hence the classification carried out by the DISCOMs is not confusing and is clear.

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 subject to the final judicial outcome on the issue.

Source	Approved variable cost (Rs/Unit)	Actual variable cost (Rs/Unit)	Variatice 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

9.4 The above table shows significant wariable 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' fillings 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 iniported coal. In the background these gaps in information we request the Commission to direct the

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 power projects. thermal for Coal thermal Similarly, stations also, the fuel lillkage source, geographical location of the plant, transportation costs are different which alter the ultimate Variable variable cost.

Para No /Brief Issue			A DODD OT D
			APSPDCL Response
utilities to provide complete information (source	e, quan	tity and price;	increase is mainly attributable to
and calorific value of fuels procured and actu	al heat	rate achieved)	the increase in fuel &
related to fuels.			transportation costs.
10.1 As the third control period has ended final	informe	tion related to	APDISCOMs are in the process
T&D costs should have been available. The same	chall a	lso be lised to	
decide the true up figures.	, slittli t	ign he figed to	of preparing True-Up filings for
decide the time ab rightes.			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.
			will be made by the Bibeolvis.
10.2 It seems by soil Appropriate	1-1		
10.2 It seems by accident APDISCOMs provide	ded som	e information	APDISCOMs have been claiming
on transmission related costs. They included it a	s a part	of fixed costs	variations in Transmission &
of power generation units. While the Commission	n allow	ed Rs. 399.74	SLDC Costs (STU & CTU
Crore towards PGCIL charges during FY 2017:	18 <b>DIS</b>	COMs' filings	related) through the Power
show that it had increased to Rs. 903.97 Crore	even v	hen all other	Purchase Cost True-up claims
transmission related costs declined significantly	The cl	alm related to	only as the transmission charges
this needs to be examined.	7 11 - W.	7,,,,,,,,,,,,	are related to Power procurement
			activity.

Chief General Manager RAC

To

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

Admn. **MITED** Engg.

For Perusal Secretary

Member / PRM

Law Member / PR

Chairman

Sri. B.Tulasi Das Tariff S4 - Devi Towers Sambamurty Road.

Vijayawada - 520 003.

DDI TENSE

Lr.No.CGM/PPA, RA&QC/EPDCL/VSP/RAC/F:True-Up/D.No. 2 1) /19, dt. 12-11-2019

Sir,

From

PPA, RA & QC,

Seethammadhara,

The Chief General Manager,

APEPDCL, Corporate Office,

Visakhapatnam - 530013.

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 "It is to inform that, in view of the uniform" separately. However, a common application is filed nature of Retail Supply Tariffs across the state by both the Discoms for the year 2017-18, claiming independent of the service area of the revenue true-up of Rs.20 crore and expense true-up distribution licensees, the DISCOMs are of Rs. 2576 crore, with a carrying cost of Rs.660 crore proposing to impose the burden of per unit at an interest rate of 12% considering FY 2019-20 as True-Up also on uniform basis across the the year of approval. While the revenue true-up of State. Rs.596 crore for EPDCL is shown as surplus, its total Further Power. Purchase cost true-up claim is shown as Rs.434 crore, including a constitutes around 80% of the carrying cost of Rs.88 crore. Whereas, SPDCL has expenditure of Distribution business is being shown a total true-up claim of Rs.2823 crore, incurred centrally optimize to including a carrying cost of Rs.573 crdre. Whatever procurement cost and reduce the transaction be the true-up amounts that the Hon'ble costs. Even in the True-Up exercise, Power Commission is going to permit, its impact on purchase cost variation is major element and consumers should be confined to the respective trueso the DISCOMs have proposed for uniform up amounts of the Discom concerned. It should not levy of per unit True-up across the State. 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. 2. While the Hon'ble Commission approved a total Whenever there is a short supply of power power purchase of 56,584 mu for the year 2017-18, from the plants which are governed by PPAs the actual purchases claimed by the Discoms are & Two part tariff structure (Capacity Charge & 55,761 mu only, i.e., there is a lesser purchase of

Energy Charge), owing to the issues of Plant



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.

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.

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.

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. 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 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,

Following the mutual regulation of purchase/supply of power between the entities of AP & TS from 11<sup>th</sup> 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.

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.

Another 1200 MU of energy has been procured through banking mechanism (SWAP) with power utilities of other states on returnable basis.

2

## \* EPDCL Response

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 powerfrom 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 powersthat-be that they need not seek prior permission of the Commission for such purchases and contempt for regulatory requirements questionable approach that the Commission would or should give its consent to such purchases as and when they seek.

The weighted average rate of procurement of power from the exchange is lesser than the approved per unit rate by the Hon'ble APERC.

The Discoms have maintained that they incurred fixed cost more by Rs.1786 crore against Rs.4026 crre 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 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

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.

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,

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 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 fixed charges paid therefor to AP Genco and other thermal stations, if any?

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.

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?

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.

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 R\$.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 trueup. When fixed cost was approved by the Commission for availability at 80% PLF and when the station could achieve 56.72% PLF only, liquidated

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.

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)		Para No /Brief Issue				EPDCL	Response	-
	,	damages should be collected from	SDSTP:	-1 for				
ĺ		generation and supply of power be	low the	eshold				•
	_	level.	<u> </u>					
	7.	The claimed the						variation in
		Commission approved Rs.3.01 per	unit a	s the	•	ie per unit	variable co	st is given in
		average variable cost for the year 2017	7-18, th∈	y have				
		paid @ Rs.3.08 per unit. They have no	t explair	ed the	1			e to increase
		reasons for paying higher variabl justification or otherwise for paying h	e costs	i ine		ce, Fuel	Cost Adjus	tment (FCA)
1		costs needs to be examined.	ilgner v	ariable	1	ne Coal	/ Gas con	npanies and
-		costs needs to be examined.			increased fre	eight char	ges leveled	by Railways
ľ	8.	The Discoms have claimed that other	costs n	aid by	and other tra			
		them increased to Rs.961 crore from	Rs 408	crore	Other Costs	nciude ex	(penaitures	incurred on
			ey hav		account of bonds, ince	ntives na	id if any	on pension
		explained what those other costs are a	nd why	a sum	payment of	Income	Tay Tho	and actual
.		of Rs.553 crore was paid by them. The	<u>ie</u> justifi	cation	prudent expe	enditures-	made by ti	ne-BISCOMe
	*	and permissibility for paying such a hu	ge amou	int for	and submitte	ed for adr	nission in t	o the True-
L		unexplained other costs need to be exa	mined.		Up			. True
	9.	We request the Hon'ble Commission	to dete	rmine	As per Clause	1.2(a) of	the MoU, G	OAP agreed
		the amounts taken over or to be taken	over by	GoAP	to take over	75% of wo	orking capita	al term loan
		from the debts of the Discoms for the	year 20	17-18	of `Rs.8461.7	5 Crs. and	d 100% FR	P bonds of
l		under UDAY and deduct the same from	their tr	ue-up	Rs.2546.15	Crs. o		APDISCOMs
		claims. In the subject petition, the Disc	oms hav	e not	outstanding	as on 3	0 <sup>th</sup> Septem	ber, 2015.
	۳.	given the details of taking over of their under UDAY.	debt by	GoAP	Accordingly	_GoAP i	ssued . G.	o.Ms.No.27,
1		ander ODAT.			Energy Infras	tructure 8	k Investmer	nt (Power-!)
					Department,			
1	•	• • • • • •			'		Outstandin	
			-		Capex Loans		as on 30-09 3712.49	9-2015
	•			.	Working		8461.76	
		•	ŀ		Loans	capital	, '	. 11
İ	•	• • •			FRP Bonds Li	ability	2546:15	
		·		•	Total		14720.40	
		•			Out of the			loans of
					Rs.14720.40 C	rs. as on	30-09-2015	. GoAP has
					accorded app	roval for	takeover	of 75% of
					working loans	(Rs.6346	.32 Crs.) an	d 100% of
			<u> </u>		FRP bonds (Rs.	.2546.15 (	Crs.).	
						_		- -
					, , , , , , , , , , , , , , , , , , ,	EPDCL	SPDCL	Total
					Against	1205.95		2546.15
					100% FRP	==05.55		2340.13
					Bonds.			
					Against 75%	2094.53	4251.79	6346.32
					working			
			t		capital loan			
_	_				Total	3300.48	5591.99	8892.47
			Í	I				

Para No /Brief Issue				EPDCL R	esponse	•	
			As on date	GoAP ha	s taken o	ver loans	aŝ
•			given below:		•		, y-
				EPDCL	SPDCL	Total	] *
			Against	904.46	1005.23	1909.69	
			100% FRP				
			Bonds				
			Against	2094.53	4251.79	6346.32	
			75%		!		
			working				
			capital				
•	:		loan				,
			Total	2998.99	<u> </u>	8256.01	]
·	:		The Hon'ble		•		
			such amoun				
			covered in		scheme,	as per	the
			prevailing re				
10. We request the Hon'ble Commission			The DISCO				
Discoms to seek additional subsidy		i	directions o				
purchases made in market far ex			regard. Mar	-			
quantum permitted by the Commissi	1	1	out throu		_		ung
other sources from GoAP, since they	1		arrangemen	LOI DEEF I	. bluding p	oi tai.	
prior approval of the Commission for additional quantum, procedure to be							
real and transparent competitive biddir							
tariff. The powers-that-be should be b	1		<b>L</b>		*		
to scrupulously adhere to regulatory rec			,				
the Commission for purchasing power a					•		
power.			,	•	•		
11. Carrying cost claimed by the Discoms t	o the tu	ne of	For the reas	sons beyor	nd in the c	ontrol of	the
Rs.660 crore under true-up is not per			DISCOMs, 1				
request the Hon'ble Commission to re	l	1	submitted w	vith a dela	y and carry	ying cost a	also
for carrying cost. The Discoms have to			has been cla	aimed. The	Hon'ble C	Commissio	n is
true-up claims in time and the consume			requested to	o condone	the delay	and appro	ove
be penalised for delay caused by the	1		the True-Up	claim inclu	uding cárry	ing costs.	
submitting the same.							
12. We request the Hon'ble Commission to			Within the p	ourview of	Hon'ble Af	PERC.	
opportunity to make further submission			•				
during the public hearing after receiving							
the Discoms to our above-mentioned	submi	ssions		•			
and studying and analysing the same.							

Chief General Manager All

APEPDCL::VISAKHAPATNAM

Yours faithfully

Copy submitted to

The Secretary, APERC, 4<sup>TH</sup> 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)	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j) = (i)/(f)*10
,	AP GENCO -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		•				<u> </u>		
	Dr.NTTPS Stage -IV		500.00	2659.72	187.71	2472.01	387.17	27.32	1.46
2017-18	RTPP Stage-I		420.00	2590.91	447.59 🗽	2143.31	242.98	<sup>3</sup> 41.97	0.94
2017-10	RTPP Stage-II	Thermal	420.00	2755.84	• 466.70	- 2289.14 <sup>-</sup>	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	ĺ
	FCA for 2016-17	t 5 d	C :: 0	0.90	5.00	0.00	1. 0.60	0.00	
	Total AF CENCO -Thermal	^:	3410.00	15714.76	1720.01	13994.75	1788.10	205.15	' 1.19
	Total TSGENCO -Thermal	Therical	2282.50	1492.89	0.00	1492.89.	199.63	0.00	
	APPDCL (Krishnapatnam) -Thermal					-			
2017 10	SDSTPS-I	Thermal	1600.00	FOOT AL	1422 54	4492.05	1402.00	220 26	
2017-18	SDSTPS-II		1600.00	5906.49	. 1423.54	4482.95	1403.90	338.36	
	Total APPDCL (Krishnapatnam) -Thermal	7	1600.00	5906.49	1423.54	4482.95	1403.90	338.36	2.38
	CGS - Thermal						ł (,		
2047 40	NTPC (SR) Ramagundam St. [&]		274.23	2109.43	354.11	1755.32	124 11,	20.83	0,59
2017-18	NTPC (SR) Simadri Stage 1 .	Ther:nac	461.10	3180.58	495.69	2684.89	442 97	69.04	2.29
•	NTPC (SR) Simadri Stage 2		188.64	1435.91	421.26	1014.66	205.06	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 - 1		47.60	325.04	112.98	21,3.06	21.18	, ,,38	0.65
1	NLC -Stage - II	Lignite	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	1 (4 -
2017-18	NPC (Kaiga Unit-I,II & III)	Atomio	- 116.22 -	915.84	0.00	915.84	Single Part Tariff	.0:00	
	NPC KUNDANKULAM (arrear Bill)	:		~ ·		-	7 7	0.00	•
	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)	Thermal					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)				\$P
.	(a)	(b)		(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j) = (i)/(f)*10	1	(A
		Bundled Power under JNNSM Ph- I & Ph-II			539.18	2632.42	0.03	2632.39	Single Part Tariff	0.00	0.00		<b>(</b> -
	1	Total CGS - Thermal		1	2330.59	15259.53	2488.10	12771.43	1316.26	278.56	1.12		(÷
	1	IPP - Thermal (Hinduja, SEIL & KSK)					*3 ***			\[ \]	÷	1:-	
	1 1	Hinduja National Power Corp Ltd (HNPCL)			1040.00	4182.25	898.98	3283.78	0.00	0.00	0.00		
]	2017-18	Thermal Powertech Corporation India		Thermal	230.55	1876.47	126.02	1750.45	309.84	20.81	1.65		•
	الله عمرية بريسه	KSK Mahanadi Power Co.Ltd.,		ا <u>۔ ۔ ۔ ا</u>	400:00	2108.58	228.43	1880,14	260.99	28.27	1.24	<u>_</u>	٠.
	ı r	Total IPP - Thermal (Hinduja, SEIL & KSK)			1670.55	8167.29	1253.43	6914.38	570.83	49.08	0.39		-
	'	GENCO-Hydel · ·		·'			1						
ſ	· '	Srisailam -RBPH		Hydel	770.00	558.92	0.00	<sub>/</sub> 558.92	168.89	0.00	,		
		NSRCP[:	1	1	90,00	55.54	0.00	56.54	17.74	0.00		1	
ا بيع		Upper Sileru		13 3	240.00	:471.67	0.60	471.67	55,840 - 3	.0.00	. 3	-44c ***	
• •		Löwer Sileru 77 1 - 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			460.00	1087.39	0.00	1087.39	2 107.03	0.00		]: . ···	
		Donkarayi		( · · · · · · ·	25.00	118.17	0.00	118.17	5.82	0.00			
İ	1 i	Pennaahobilam		Hydel	20.00	3.68	0.00	3.68	10.44 .	0.00		_]	
-	I 6	Mini Hydel (Chettipeta)		nyue,	1.00	2.25	0.00 💄	ِ 2.25 °	0.77	. 0.00	•	1	_
	( '	Ramagiri Wind Mills		1 '	0.00	0.00	0.00	0.00	0.00				
	2017-18	NSTPDC PH		1	50.00	30.07	0.00	30.07	22.11	0.00		_]	
-		Machkund ,		1	84.00	233.83	0.00	233.83	25.35	Q.00 .	<u> </u>	_].	
	1: '	TB Dam		1	57.60	70.84	0.00	70.84	17.38	.0.00		] .	
	1	NSTPHES 16-17 & 18-19		Í′		21.64	0.00	21.64	29.96	0.00	•		
J	1	Interest on Pension Bonds			0.00	0.00	0.00	0.00	684.11	0.00			
J	1	Income Tax for FY 16-17		Í′	0.00	0.00	0.00	0.00	3.06	0.00			
	1	Suppl Calims for IPB 2014-15,2015-16,2016-17			0.00	0.00	0.00	0.00	47.59	0.00			
, ]		Total GENÇÔ-Hydel		, .	1797.60	2655.01		2655.01	1196.09	0,00 1	- 5-1	15	, s
T		IPP- GAS (GGPP, GAS IPPS & APGPCL)	100		1				عد راتوس مدد ما ال	77:44		٠.٠. الـ	x
Medelen Medelen A E		The same of the sa	-	The State Agency and			to be seen and the		A SAN TO A S	i pilgi sering periodi en mengenakan en mengenakan en periodi	2 (1) (2) (2) (2) (3) (4) (4) (4) (4) (4) (4) (4) (4) (4) (4	,	

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Year	Source	Plant	Installed Capacity (MW)	Available energy (MU)	Backdown energy (MU)	Energy Purchased (MU)	Tot	al FC (Rs Cr)	FC paid due to Back down (Rs Cr)	Per Unit Cost of Backdown Rs per unit
(a) بيني	(b)	(c)	(d)	(e)	(f)	(g)		(h)	(i)	(j) = (i)/(f)*10
to to	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
2017-18	LANCO Kondapalli	Gas	361.92	₽71 <sup>-</sup> 645;08	0.04	645.05 <sup>-</sup>		64 30	Sep. 20.004	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
-	NRE - Solar	Solar	4555.00		0.00		— <sup>′</sup>	0.00	0.00	
2017-18	NRE - Wind	Wind	393,1.00		0.00			0.00	0.00	
¥017-18	Ni · Others	bio-mass,	579,10	•	0.00	(A 12 - 1 )		, ५७.५०	0.00	
·	Others (Including Swapping)	E. 44	क र दिल्लाहरू इस्स्कृतिक स्थापन	Car f	₩5: ^ 0:00 ~ ~ ·			0.00	0.00: *:5	
+	Total Others (Including Swapping)	,	9065.10	~~ 0.òo~	~~0.00	0.00		0.95	0.00	4 1783
	Grand Total		22990.75	51660.23	6912.34	44747.55		6580.00	871.70	1.26

CHIEF GENERAL MANAGENY 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.

ri M.Thimma Reddy, Convenor, Peoples's Monitoring Group of Electricity Regu

39, Kakatiya Nagar, lyderabad – 500 008.

For Perusal

Admn.

Enga

Tariff

Member / PR

Chairman

## Lr.No. CGM/PPA & RA/EPDCL/VSP/RAC/F:True-Up/D.No. 233 /19, dt 6-12-2019

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

hief General Managei PPA & RA :: APEPDCL

**VISAKHAPATNAM** 

Copy submitted to

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

Transmitted to Sri Nataraj, SEO
for placing this copy he proceedings file.

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## True Up 2017-18

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

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Para No /Brief Issue			EPDCL Response
1. APDISCOMs have filed a joint petition for de	etermina	tion of the	
True up for the Retail Supply Business for FX	t 2017-1	8. Below we	The data of the second of the
submit our comments on the same for the con	siderati	on of the	<del></del>
Commission.		,	
2. While the quantum of power procured decrea	sed from	n. 56 584 MII	
as allowed in the Commission's Tariff Orde	r for F	V 2017-18 ta	
56,024 MU. the power purchase cost increase	d from	Re 21 490 80	
crore as allowed in the said Tariff Order to R	25 91	7 Crore That	
is, while power procured declined by 560 MU	nower	nurchase cost	
increased by Rs. 4,427 Crore. In other wo	rds no	wer procured	
declined by one percent and power purchase	se cost	increased by	
20.60 percent. Average power purchase cost	increa	sed from Rs	
3.80 per unit as allowed in the Tariff Order to	Rs. 4 (	9 ner unit as	· · ·
claimed by the DISCOMs in their filings, sign	ifving a	n increase of	
21.58% in average power purchase cost.	7		
3. APDISCOMs in their filings (Table 17)	· claim	ed that the	APDISCOMs have included the
Commission approved power purchase cost	of Rs	23 231 Crore	approved transmission charges of
for FY 2017-18 while in the Tariff Order the	Commis	sion allowed	
Rs. 21,490.79 Crore towards the same (p.215).	Simila	ly while the	Rs.1739.73 Crs. (Transmission cost, SLDC cost. PGCIL
Commission allowed Rs. 29.66 Crore towards	rds inc	entives/other	expenses & ULDC Charges)
costs APDISCOMs claimed that the Comm	ission a	pproved Rs.	under the head of power purchase
408 Crore towards the same. This needs to be	larified	verified	cost in order to compute the
•		, , , , , , , , , , , , , , , , , , , ,	power purchase cost variation at
			the boundary of the DISCOMs in
·			order to arrive at filed approved
1			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
4			Rs.408 Crs.
4. While the Commission allowed APDISCOMS	to pro	cure 56,584	
MU during FY 2017-18 APDISCOMs in fac	ét proci	red 57 565	
MU. It was nearly 1,000 MU higher than the o	uantum	allowed by	
the Commission. APDSICOMs disposed of 1.5	40 MU	in the open	
market as power consumption in the state durin	g the ve	ar was only	1
36,023 MU. This raises doubts over procuren	ient of	nower over	·
and above the limit set by the Commission	n. Anv	additional	
expenditure incurred in procuring surplus p	øwer sl	all not be	
allowed.			•
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**EPDCL** Response

219.34 MU is UI (Unscheduled Interchange)

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.

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 2,320 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.

Source	MU			st (Rs Cr)	Per Unit cost ·(Rs)
Indian Energy Exchange (Including	1,5	81	7	647	4.09
STOA charges)		,	\$.	,	
Steel exchange		7		3	4.26
Sarda Metal		15		6	4.00
Manikaran Power Limited		3.	1	11	36.67
(Including STOA charges)			,		
Knowledge Infrastructure		5	+:	1	2.00
Total	1,6	11		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 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

As per the existing 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 This exchange. states expenditure is actually being DISCOMs. incurred by the Whether it is adding up to the revenue of AP Transco over and above its regulated income or the

Para No /Brief Issue **EPDCL** Response results in unjust enrichment of APTRANSCO at the cost of treatment of the same is under the consumers, the Commission has examined this issue and proposes purview of the Hon'ble APERC. to disallow the cost of STOA while computing the F\$A since the Since the DISCOMs are actually charges of STOA is not part of power purchase cost as per Tariff incurring this, it is claimed as a Order."(Para 25, page 19). Following the above we request the true up item. Commission not to allow STOA as claimed by the APDISCOMs. 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 DISCOMs have considered the claimed Rs. 2,574 Crore (Rs. 1,170 Crore towards variable capital and power purchase costs of SDSTPS Rs. 1,404 Crore towards fixed capital) towards power procurement as per Hon'ble Commission order from SDSTPS/APPDCL. As the quantum of power procured from this in O.P.No.47 of 2017 & IA No. plant declined to 4.483 MU per unit cost increased to Rs.5.74 28 of 2017, Dt.02.03.2019 signifying an increase of 43 percent in power purchase cost from this unit. As SDSTPS achieved only 56.72% of PLF compared to 8.2 Payment of fixed charges normative threshold PLF of 80% penalty/disincentive shall be always subjected to the actual collected from it for its underperformance. availability of the plant and accordingly plants showing lesser availability are disincentivized by reduction in the fixed charges proportionately. Unit variable cost of SDSTPS (Rs. 2.61) is less than that of Even if variable cost of SDTPS is APGENCO units (Rs.3.27). But while power procured from SDSTPS lesser, the DISCOMs could not is much lower than the projected quantity in the case of APGENCO procure upto the approved units it Is much higher. Generation of power above threshold PLF at quantum in view of scarcity of SDSTPS would also have helped to bring down unit fixed cost. fuel. Reasons for lower power generation at SDSTPS need to be explained APDISCOMs did not provide any explanation for variance in The licensee has considered fixed and variable cost of different power plants compared to the station wise fixed cost Commission's Tariff Order. While in the Tariff Order the Commission computation as per Page Nos. allowed Rs. 6,412.88 Crore towards fixed costs DISCOMs in their 328 & 329 of Retail Supply filings mentioned approved fixed cost as Rs. 5,766 Core and within Tariff Order for FY 2017-18 duly this Rs.1,740 Crore were towards transmission charges. But in the deducting pension liabilities Commission's Order transmission charges are not mentioned as a part amount of Rs.378.22 Crs. and of fixed cost. These deviations in DISCO Ms' filings make comparison adding transmission charges of of power purchase cost difficult. Similarly, in the case of variable cost Rs.1739.73 Crs. (Transmission while the Commission allowed Rs.15,048.26 Crore DISCOMs cost. **SLDC** cost. **PGCIL** mentioned approved variable cost as Rs. 17057 Crore. APDISCOMS & ULDC expenses Charges) in their filings mentioned actual variable cost as Rs. 17,262 Crore. If under the head fixed we go by APDISCOMs' claim about approved variable cost increase resulting in filed approved fixed in variable cost is only Rs. 205 Crore. But if we go by the approved cost figure of Rs.5766.02 Crs. variable cost as mentioned in the Commission's Tariff Order increase licensee considered The has in variable cost is Rs. 2,214 Crore. These variations in approved station wise variable capital cost figures points to the need to closely computation as per Pages Nos.

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328 & 329 of Retail Supply Tariff Order for FY 2017-18 duly considering the un split costs of

APDISCOMs' claims regarding capital costs incurred.



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Para No /Brief Issu	e ·	EPDCL Response
		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 utter	ly The DISCOMs have considered
confusing. The figures used by DISCO Ms		
once mentioned in the Tariff Order. For exa	·- · · ·	1 1 4200 1 100:520 00 525 01 100
Others as mentioned in the Tariff Order con		- 1 SHOOLV LACHT CHOCK FOLE 1 2017 -

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.

18 as given below:

- 1) Srivathasa Rs.3 Crs.
- 2) KSK Mahanadi
  - Rs.355.16Crs.
- 3) Thermal Power Tech. -Rs.305.50Crs.

## Total - Rs.663.66 Crs.

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.

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.

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 <sub>2</sub>
IPP-Gas	2.10	2.57	0.47:	22.38
IPP-Other	2.17	3.00	0.83	38.25

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.

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.

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.

**EPDCL Response** 

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 thermalpower 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 increase is mainly attributable to the increase in fuel transportation costs.

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<sup>rd</sup> Control Period are under CAG audit and once completed, filings will be made by the DISCOMs.

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 PPA & RA

APEPDCL :: Visakhapatnam