



ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

#11-4-660, 4th Floor, Singareni Bhavan, Red Hills, Hyderabad - 500 004

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From
Commission Secretary,
APERC,#11-4-660,
4th Floor, Singareni Bhavan,
Red Hills, Lakdi-ka-pul,
Hyderabad – 500 004.

To
The Chairman & Managing Director,
AP Transco & Chairman, APPCC
Vidyuth Soudha Gunadala,
Eluru Road, Vijayawada,
Andhra Pradesh– 520004.

The Chairman & Managing Director,
APSPDCL, Corporate Office,
Behind Sreenivasa Kalyana Mandapam,
19-13-65A, Kesavayanagunta,
Tirupathi – 517 501.

The Chairman & Managing Director,
APEPDCL, P&T Colony,
Seethammadhara,
Near Gurudwara Junction,
Visakhapatnam – 530 013.

Lr. No. APERC/Secy./Tariff/F: 83/D.No. OL1 /2020, Date: 27-03-2020.

Sir,

Sub:- Procurement of power from M/s LANCO & M/s Spectrum during FY2020-21 on short term basis-Conditional approval accorded for April and May 2020-Reg.

Ref:- Lr. No. CMD / APSPDCL/TPT/ CGM/GM / RAC / F:D.No.280/20,
Dt: 26.03.2020.

Vide the reference cited, APDISCOMS have requested the Commission to permit them to procure power from M/s LANCO & M/s Spectrum power plants during FY2020-21 on short term basis till such time the expected gas diversion to the State run GGPP plant materializes or the Gas Supply Agreement expires, whichever is earlier, or until the review petition filed on the Tariff Order for FY2020-21 is disposed-off, citing the following reasons:

- (a) They have filed a review petition on Retail Supply Tariff Order for FY2020-21 seeking, inter alia, inclusion of dispatch of cheaper power available from M/s Spectrum & M/s Lanco for the FY2020-21. The review petition is yet to be taken on the record of the Commission.

- (b) If the cheap APM gas available up to the tenure of the Gas supply agreements not utilized, the same would be diverted to other priority sectors like fertilizers by the GoI. Earlier in August/September, 2019, the GoI has been requested by the State Government for reallocation of APM gas from LANCO & Spectrum plants to the State-owned Godavari Gas Power Plant (GGPP) to operate it at full capacity.
- (c) The proposed per unit price of procurement is Rs.3.29/Unit (kWh) from M/s LANCO and Rs.3.31 /Unit (kWh) from M/s Spectrum as per the rates approved by the Commission in Retail Supply Tariff Order for FY2019-20. This cost of procurement is lesser by Rs.1.37 per unit than the average power procurement cost approved in Retail Supply Tariff Order for FY20-21.
- (d) Prevailing emergency like situation and lockdown imposed by the Govt. of India is expected to disrupt the coal availability to thermal stations.

The APDISCOMS have not proposed procurement from M/s Lanco in their initial ARR filings for FY20-21 and much later requested the Commission to include the same in power procurement plan for FY2020-21. Power procurement from M/s Spectrum was proposed in the ARR filings for FY2020-21 stating that it is subject to the approval of this Commission. The Commission was not inclined to accept the proposal of the DISCOMS for the cogent reasons mentioned in Retail Supply Tariff Order for FY2020-21 issued on 10.02.2020. However, the DISCOMS have inter-alia, sought review of the same now through a review petition which is yet to be taken on the record.

In view of the foregoing and with due regard to the submissions of APDISCOMs apprehension that the coal supplies are expected to be disrupted under this extra ordinary circumstances, in order to maintain uninterrupted power supply during the lock down period, pending disposal of the review petition, the Commission is inclined to accord approval temporarily, permitting the APDISCOMS to procure power from M/s LANCO and M/s Spectrum power plants for two months i.e., April 2020 and May 2020 with the following conditions:

- (i) The cost of procurement proposed at the rate of Rs.3.29 per unit from M/s LANCO and Rs.3.31 per unit from M/s Spectrum shall not be subject to any

upside variation later on any grounds including fuel cost pass-through. Accordingly, the DISCOMS shall obtain undertakings from the said power plants in this regard.

- (ii) The DISCOMS shall pursue with Government of India to get the approval for diversion of APM gas from M/s LANCO and M/s Spectrum to M/s GGPL, the DISCOMS owned power plant at the earliest, so as to run it at its full capacity.
- (iii) The power from these plants shall be dispatched at the rates approved supra taking unit cost into account for merit order.
- (iv) This approval is subject to outcome of any pending litigation including the disposal of review petition on Retail supply tariff Order for FY20-21.
- (v) The Commission shall be apprised of the power supply position every fortnight with reference to the source wise availability of power vis-a-vis a demand.
- (vi) On account of this approval, any variation in power purchase cost approved in Retail Supply Tariff Order for FY20-21 would be corrected at the time of True up/down in accordance with the Regulations in vogue.

Yours faithfully,

Sd/--

COMMISSION SECRETARY_{I/c}