

OP No. 55 of 2023

**BEFORE THE HONOURABLE ANDHRA PRADESH ELECTRICITY
REGULATORY COMMISSION**

At its office at 4th Floor, Singareni Bhavan, Red Hills, Hyderabad-500 004

File No. /2023

Case No. /2023

IN THE MATTER OF:

Seeking approval of the Honourable Commission to consider issuing suitable Amendment to certain clauses of the APERC (Terms and Conditions for Determination of Tariff for Wheeling and Retail Sale of Electricity) Regulation No.4 of 2005

AND

IN THE MATTER OF:

Eastern Power Distribution Company of A.P Limited (APEPDCL)

- Petitioner

MOST RESPECTFULLY SHOWETH THE SUBMISSION

The APEPDCL humbly submitting to the Honorable Commission to consider the following appeal made in this petition

As per APERC Regulation No.4 of 2005, clause 15 working capital for distribution business is considered as 1 month O&M expenses allowed for that particular year on a normative basis. No working capital has been considered in respect of retail supply business in which power purchase cost accounts for major portion of DISCOM's expenditure. Hence, the current structure of working capital, which considers only 1-month normative O&M expenses, is not sufficient for DISCOMs to make timely payment to the generators and cater to other running expenses. Moreover, subsidy arrears from Government, long outstanding dues from Government Departments and payment defaults from consumers are making it difficult for DISCOMs to manage liquid cash, further aggravating the problem of working capital. Hence, in order to meet their working capital requirement DISCOMs are currently availing working capital loans. These working capital loans are beyond the normative levels and hence are not being recognized by the Hon'ble Commission.

Further it is to submit that the APEPDCL is paying substantial amount towards interest on working capital every year for the borrowings made to meet Power Purchase obligations of Generators. This interest amount is ranging from INR 420 Crs to 650 Crs for the last 4 years. The following are the details of interest on working capital incurred by the Discom since 2014-15.

Year	Interest on working capital Rs in Crs
2014-15	232.79
2015-16	355.23
2016-17	336.29
2017-18	246.83
2018-19	297.85
2019-20	424.74
2020-21	466.29
2021-22	411.25
2022-23*	625.84

*Provisional Amount

The above finance cost on working capital constitutes considerable amount of expenditure in every year which the Discom could not able to recover from the ARR of the Retail Supply Business. This situation is mainly due to delay in realization of Discom receivables in the resulting in Discom going for short term borrowing to meet Power Purchase obligations of Generators.

On one hand, Discom is levying Delay Payment surcharge (DPS) to consumers and is currently being considered as part of non-tariff income. On the other hand, Discom is also paying Late Payment Surcharge (LPS) to Gencos for delay in payment due to delay in realization of Discom receivables. LPS is currently not being considered as part of ARR.

Hence, while the Delay Payment Surcharge (DPS) levied on consumers is being considered as non-tariff income, LPS is currently not being considered as part of ARR.

In view of the above, in the present petition, the Discom is appealing to the Honorable Commission to consider the following proposal to enable the Discom to come out from the huge financial burden of interest commitment on working capital loans every year.

In the above circumstances, the licensee humbly prays the Honorable Commission:

LPS (Late Payment Surcharge) payables to Generation Companies (Gencos), Transmission Companies (Transcos) to be considered as part of ARR since DPS (Delay Payment Surcharge) levied to consumers is being considered as part of non-tariff income. It is hereby proposed that clause 11 of Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for determination of tariff for

Wheeling and Retail Sale of Electricity) Regulation, 2005 (Regulation No.4 of 2005), may be amended to include LPS as part of ARR.

Further, the licensee humbly prays the Honorable Commission to consider the request and amend the regulation for working capital as highlighted below:

Distribution Business: Clause 15 of Regulation No.4 of 2005 may be amended Working Capital Requirement from one twelfth of Operation and Maintenance expenses to

- 60 days of ARR for Distribution Business
- Maintenance spares @1% of opening Gross Fixed Assets (GFA) for that year

Retail Supply Business: Clause 11 of Regulation No.4 of 2005, may be amended to include working capital as part of ARR

- One and half months (45 days) of expected ARR for the ensuing year
- 60 days of average quarterly FPPCA amount

Minus

- Amount held as security deposit in cash from retail supply consumers

To pass such order as the Honourable Commission may deem fit and proper in the facts and circumstances explained above.


**EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH
LIMITED**

Through

(APPLICANT)

Place: Visakhapatnam

Date : 30-06-2023


**Chief General Manager
RA & PP :: APEPDCL**

OP No. 55 of 2023

**BEFORE THE HONOURABLE ANDHRA PRADESH ELECTRICITY
REGULATORY COMMISSION**

At its office at 4th Floor, Singareni Bhavan, Red Hills, Hyderabad-500 004

File No. /2023

Case No. /2023

IN THE MATTER OF:

Seeking approval of the Honourable Commission to consider issuing suitable Amendment to certain clauses of the APERC (Terms and Conditions for Determination of Tariff for Wheeling and Retail Sale of Electricity) Regulation No.4 of 2005

AND

IN THE MATTER OF:

Eastern Power Distribution Company of A.P Limited (APEPDCL)

- Petitioner

DO/Law
3.7.23
Secretary (C)

Affidavit

I, D. Suman Kalyani, Daughter of Sri D.V.Prasada Rao, aged about 52 years, the deponent named above do hereby solemnly affirm and state on oath as under:

1. That the deponent is the Chief General Manager, RA&PP of Eastern Power Distribution Company of AP duly authorized by APEPDCL to make this affidavit on its behalf and the deponent is acquainted with the facts deposed below.

