

# **ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION**

**THURSDAY, THE SIXTEENTH DAY OF MAY  
TWO THOUSAND AND TWENTY-FOUR  
(16.05.2024)**

**Present**

**Justice C.V. Nagarjuna Reddy, Chairman**

**Sri Thakur Rama Singh, Member**

**Sri P.V.R. Reddy, Member**

**In the matter of**

**The Andhra Pradesh Electricity Regulatory Commission (Threshold Limit for the Development of Intra-State Transmission Projects under the Tariff Based Competitive Bidding) Regulation, 2024.**

**[Regulation 5 of 2024]**

In exercise of the powers conferred under sub-sections (zd), (ze), (zf), and (zp) of Section 181(2) read with Sections 61, 63 and 86 (4) of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in that behalf, the Commission issued the Andhra Pradesh Electricity Regulatory Commission (Threshold Limit for the Development of Intra-State Transmission Projects under the Tariff Based Competitive Bidding) draft Regulation, 2023 and placed a copy of the same along with a Public Notice on its website on 08.09.2023 inviting comments/suggestions/objections from all the stakeholders and interested parties on the draft Regulation for consideration by the Commission. In response, the Commission received several comments/suggestions/objections on the draft Regulation. For the sake of brevity, the gist of comments/suggestions/objections received in brief clause-wise appropriately, and the Commission's analysis and decisions on the same are discussed herein below:

**1. Clause 1 (ii):****Draft:**

“This regulation shall come into force from 01.04.2024 i.e. from the date of commencement of 5th control period.”

**Objections/Views of Stakeholders:**

**Prayas Energy Group has stated that** the Commission has proposed to implement the regulation from 1st April 2024. Similarly, the Regulation excludes any project where an application for in-principle approval has already been submitted to the Commission and is under consideration by the Commission. This timeline may incentivise the STU to apply for larger Regulated Tariff Mechanism (RTM)-based projects before the Commission in this duration. To disincentivise any such possibility, the Regulation effective date shall be fixed from the date of notification in the Gazette.

**APSEB Engineers' Association** has stated that since the bidding exercise for the projects that are required to be executed in the 5th Control Period i.e., FY2024-25 to FY2028-29, in the EPC mode through the E-procurement portal has been commenced, the commencement of the proposed TBCB Regulation shall be made effective from the 6th Control Period. APTRANSCO has already submitted the detailed resource plan with scheme-wise investments for the 5th control period and approval by the Commission is awaited. **Sri. B. Vamsi Srinivas** has also submitted a similar view.

**Commission's Analysis & Decision:**

Since the draft Regulation was issued in September 2023, 01.04.2024 was proposed as the effective date for implementation of the Regulation. There is no rationale in the suggestion to effect the Regulation from the 6th control period. However, as the 5th control period has already commenced, the draft is modified as below.

“This Regulation shall come into force from the date of its publication in the Andhra Pradesh State's Gazette”

**2. Clause 2 (H)****Draft:**

**“New Intra State Transmission Projects”** means projects to be taken up for execution in the State of Andhra Pradesh (excluding the schemes involving the upgradation/augmentation of Assets forming part of the existing Transmission Licensee or STU & Deposit works whose funds are accounted for under consumer contribution) from 01.04.2024.

**Objections/Views of Stakeholders:**

**APSEB Engineers' Association** has stated that the fifth control period is commencing from the financial year FY 2024-25. AP Transco, the STU for the State of Andhra Pradesh is expected to file a detailed scheme-wise investment plan as part of Multi-Year ARR filings. The Schemes scheduled to be implemented in the fifth control period are at an advanced stage of finalisation. Given the prevailing situation, the schemes that will evolve after July 2024 may be covered by the TBCB route.

**Commission Analysis & Decision:**

There is no rationale for the suggestion. However, since the Regulation's date of effect has been modified, the draft is modified as below.

**“New Intra State Transmission Projects”** means projects to be taken up for execution in the State of Andhra Pradesh (excluding the schemes involving the upgradation/augmentation of Assets forming part of the existing Transmission Licensee or STU & Deposit works whose funds are accounted for under consumer contribution) with effect from the date of notification of this Regulation.

**3. Clause 3.1****Draft**

“The Commission hereby fixes the Threshold Limit of Rupees One Hundred (100) Crores excluding land cost for the new intra-state transmission projects to be awarded under TBCB. Accordingly, all new Intra-State Transmission Projects costing Rupees One Hundred (100) Crores or more formulated by STU and approved by the Commission shall be implemented through TBCB by the bid process coordinators as per the recommendations of the empowered committee to be constituted by the Government of Andhra Pradesh in accordance with the guidelines for competitive bidding notified by the Central Government from time to time.”

**Views / Objections of Stakeholders:**

**APTransco** has requested consideration of a Threshold limit of Rs.500 Cr for the Development of new Intra-State Transmission Projects under Tariff Based Competitive Bidding (TBCB) in the State of Andhra Pradesh.

**APSEB Engineers' Association** has stated that the threshold limit of Rs.100 Cr (Excluding Cost of Land) is tiny. The revised cost estimate of Rs.100 Crs encompasses even small schemes at 132kv and 220 kV as well. If the number of schemes increases, the focus on attaining good quality work, and proper coordination among different licensees may be missed and may finally lead to improper asset commissioning and performance of the overall transmission system in the State. It is not clear whether the cost of land indicated is only for erecting Substations or includes the Right of Way (RoW) for the Transmission Line corridor, to be compensated as per Works of Licensee Rules and the

Right to Fair Compensation and Resettlement Act, 2013. Since Power Transmission is a capital-intensive sector, specifying a lower investment limit at the initial stage will result in even small projects coming under the bidding route and may clutter the whole planning & execution exercise. To ensure quality assurance, and ensure participation from more competitive & quality players, it is suggested that the threshold limit shall be pegged at Rs.500 Cr excluding the land cost and in line with MERC duly excluding 400 kV and below projects and projects of strategic importance like Railways, Defense, Airports, Interstate connected lines etc. That the lower threshold limit may give a chance to small & mediocre entities to participate in the process and based on Socioeconomic, geographical and demographic conditions prevailing in the state, this may ultimately kill the spirit with which the TBCB route is intended.

**APSEB Assistant Executive Engineers' Association** has stated that the limit of Rs.100 Crore specified in the Draft Regulations was based on the investment approvals granted to APTRANSCO. Escalation in the cost of men, materials and services in transmission systems over a period of time will result in cost overrun in the Project Cost of new projects. Hence, the proposed threshold limit of Rs.100 Crores for TBCB in the new Transmission Projects is not justifiable. Such a low Threshold Limit would attract many bidders including those who do not have the required transmission experience. Hence, the TBCB Threshold Limit over and above Rs.750 Crore excluding land cost may be fixed. Initially, one project on a pilot basis shall be allowed and 5 years shall be watched to see the impact on the existing APTRANSCO network and assess the network reliability & grid balance and the grid stability.

**A.P. Power Diploma Engineers' Association** has stated that the threshold limit shall be enhanced to Rs.500 Crores, so that only reputed companies would participate in the bidding and the project would get completed more qualitatively at a competitive price.

**Sri. M.Venugopala Rao & Others** strongly criticising the policies of the GoI and opposing the privatisation, Inter alia have stated that the purpose and basis for fixing the threshold limit of Rs.100 Crores, excluding land cost, for the new intra-state transmission projects to be awarded under TBCB were not explained. It is noteworthy that when looking at the broader perspective, the threshold limit of Rs.100 crore per project is intended for awarding all the 28 projects identified for the 5<sup>th</sup> and 6<sup>th</sup> control periods to private corporate entities through TBCB. The terms and conditions for the bidding process that may be issued by the MoP, GoI, from time to time and modifications/exemptions for such conditions by the authorities concerned, including the ERCs, may lead to manipulations to unduly favour corporate houses of the choice of the powers-that-be. That is evident from serious allegations and experiences in various sectors like coal mines, and power projects, including transmission projects, in the country. They have also stated that the NTP is only guiding and not binding on SERCs. The advisory of the MoP need not be

followed. They requested the Commission to seek the views of the GoAP and the APTRANSCO before finalisation of the Regulation duly seeking views of the public on the views of the GoAP and APTRANSCO and hold a public hearing on the Regulation. In conclusion, they sought withdrawal of the Regulation.

**Sri. B. Vamsi Srinivas** has stated that Clause 5.3 of the Tariff Policy does not suggest the methodology or basis that needs to be considered while specifying the Threshold Limit. This could cater to the diversity of the States and has thus put the onus of determining this limit on the respective State Commissions.

**AP Textile Mills Association has stated that** the basis for fixing the Threshold limit of Rs.100 cr. is not furnished. The Guidelines too are silent on any basis for arriving at the Threshold limit. APTRANSCO is a highly experienced institution with expertise in building the Transmission Network running over 55000 circuit KM in A.P. over the last 65 years. They have a reputation of being amongst the minimum transmission losses of 2.9%. Considering their expertise, if the criterion for threshold limit is only the cost of the project, it should be at least Rs.250 Cr. The low Threshold Limit of Rs.100 Cr is perhaps to limit financial exposure. On the other hand, the loss of experience due to not working on large complex projects by APTRANSCO, due to TBCB requirements will be incalculable. A very large Transmission project with the private sector has its risks of time and cost overruns too, as seen by MERC. Options of SPV of APTRANSCO partnering with PGCIL or another PSU or private sector for sharing and gaining expertise should be considered.

**OC Employees Welfare Association** has stated that as the Hon'ble Supreme Court had directed all the SERCs to arrive at the threshold limit as envisaged in Section 63 of IEA, 2003 and 5.3 of National Tariff Policy 2016, the Lines and Substations shall be considered separately while notifying the TBCB model and may fix the threshold limit of 750 Crs.

**The employees of the power sector en masse** have opposed the Regulation and requested the Commission to set aside the same and further stated that the Threshold limit above 500 Crs excluding Land Cost may be fixed in line with MERC if the Commission proposes to go ahead with the Regulation.

### **Commission's analysis and decisions**

In terms of sub-section (3) of Section 181 of the Electricity Act, 2003, the Commission shall make the Regulations subject to the conditions of previous publication. The Electricity (Procedure for Previous Publication) Rules, 2005 issued by GoI specified the Procedure of Previous Publication. Following the above Rules, the Commission placed the draft Regulation on its website and invited views/objections/suggestions from the Stakeholders. Therefore, there is no necessity to hold a public hearing and also seek the views of the GoAP and APTRANSCO separately while issuing the Regulation. No stakeholder is prevented from submitting views/suggestions on the Regulation including

the GoAP and APTRANSCO. APTRANSCO furnished its views. There is no need for pilot testing the TBCB methodology InSTS, as TBCB was under successful implementation for ISTSs. The promotion of the competition is one of the objects of the Electricity Act, 2003 as enshrined in the preamble. Accordingly, the National Electricity Policy and National Tariff Policy have been formulated. While issuing the draft, the Commission stated the background in the Introduction Part for issuing draft Regulation. Hence, it is not correct to state that there is no basis for fixing 100 crores. Though, as opined by one of the objectors, the NTP, NEP and MoP advisories are not binding on the Commission, keeping the benefits of competition to the consumer public in view, the Commission proposes to fix the threshold limit reasonably with due consideration of the suggestions in this regard for such competition for execution of intrastate transmission projects. It is worth mentioning that the majority of stakeholders who have requested for withdrawal of the Regulation have also suggested for higher threshold limit than what is proposed by the Commission in the draft Regulation. To examine the request of the stakeholders for fixing a higher threshold limit, the Commission proposes to analyse the investment costs of various schemes proposed as shown below based on APTransco's investment plan submitted to the Commission as part of the Resource Plan exercise for the 5th & 6th Control Periods covering FY 2024-25 to FY 2033-24.

<b>AP Transco- Investment Plan 5<sup>th</sup> &amp; 6<sup>th</sup> Control Periods (FY2024-25 to FY2033-34)</b>						
<b>Sl. No</b>	<b>Description</b>	<b>Total No. of Projects cumulative figure</b>	<b>Aggregate Amount- Rs Crs</b>	<b>Investment Slab</b>	<b>No. of Individual Projects</b>	<b>Aggregate Amount- Rs Crs</b>
1	100 Cr Above	19	8,460	100 above less than 200	7	967
2	200 Cr Above	12	7,493	200 above less than 300	6	1,288
3	300 Cr Above	6	6,205	300 above less than 500	3	1,200
4	500 Cr Above	3	5,005	500 above	3	5,005
<b>AP Transco-Investment Plan - 5<sup>th</sup> Control Period (FY 2024-25 to FY 2028-29)</b>						
<b>Sl. No.</b>	<b>Description</b>	<b>Total No. of Projects cumulative figure</b>	<b>Aggregate Amount- Rs Crs</b>	<b>Investment Slab</b>	<b>No. of Individual Projects</b>	<b>Aggregate Amount- Rs Crs</b>
1	100 Cr Above	11	3,660	100 above less than 200	7	967
2	200 Cr Above	4	2,693	200 above less than 300	1	288
3	300 Cr Above	3	2,405	300 above less than 500	1	400
4	500 Cr Above	2	2,005	500 above	2	2,005

<b>AP Transco-Investment Plan - 6<sup>th</sup> Control Period-FY 2029-30-FY 2033-34</b>						
<b>Sl. No</b>	<b>Description</b>	<b>Total No. of Projects cumulative figure</b>	<b>Aggregate Amount-Rs Crs</b>	<b>Investment Slab</b>	<b>No. of Individual Projects</b>	<b>Aggregate Amount-Rs Crs</b>
1	100 Cr Above	8	4,800	100 above less than 200	0	0
2	200 Cr Above	8	4,800	200 above less than 300	5	1,000
3	300 Cr Above	3	3,800	300 above less than 500	2	800
4	500 Cr Above	1	3,000	500 above	1	3,000

The Commission also proposes to examine the the threshold limits fixed by the other SERCs under TBCB mode as shown in the table below.

<b>S.No.</b>	<b>State Regulatory Commission.</b>	<b>Threshold Limit for TBCB for Intra-State Projects</b>
1	Bihar	Rs. 100 Cr
2	Punjab	Rs. 50 Cr
3	Gujarath	Rs. 100 Cr
4	Odisha	Rs. 100 Cr
5	Haryana	Rs. 100 Cr
6	Uttarakhand	Rs. 100 Cr
7	Assam	Rs. 100 Cr
8	Maharashtra	Rs. 500 Cr
9	Uttar Pradesh	Rs. 100 Cr
10	Joint Commission for & UTs-Ladhak	Rs. 100 Cr
11	Himachal Pradesh	Rs. 45 Cr
12	Rajasthan	Rs. 250 Cr
13	Madhya Pradesh	Rs. 250 Cr
14	Chattisgarh	Rs. 250 Cr

Having examined the above data, the Commission is inclined to fix the Threshold Limit as above Rs.250 Crore excluding the cost of land instead of Rs.100 Crores as proposed in the draft. This threshold limit is appropriate in the Commission's opinion given the proposed investment of Rs.28000 cores in the 5th & 6th control periods by APTRANSCO. With the threshold limit fixed in the final Regulation, it is expected that 25 percent of the proposed investment for the execution of inSTS in AP shall be made through competition in the next ten years to benefit the consumers of the lesser tariff. Accordingly, the draft is modified as below.

"The Commission hereby fixes the Threshold Limit of above Rupees two hundred and fifty (250) Crores excluding land cost for the new Intra-State transmission (InST) projects to be awarded under TBCB. Accordingly, all new Intra-State Transmission Projects costing above Rupees two hundred and fifty (250) Crores formulated by STU and approved by

the Commission shall be implemented through TBCB by the bid process coordinators as per the recommendations of the empowered committee to be constituted by the Government of Andhra Pradesh following the guidelines for competitive bidding notified by the Central Government from time to time.”

#### 4. **Clause 3.2**

##### **Draft**

“The Threshold Limit fixed in this Regulation shall be applicable for all new Intra-State Transmission Projects for which approval is yet to be accorded by the Commission (excluding the projects for which application for in-principle approval is already submitted to the Commission and the same is under consideration by the Commission) or Commission’s approval is not valid or approval is revoked by the Commission, as the case may be.”

##### **Views /Comments of different Stakeholders:**

**Prayas Energy Group** has stated that any new proposals for RTM-based transmission projects shall be admitted before the Commission only after this regulation is notified by the Commission. In addition to this, in case of projects under consideration for in-principle approval and not yet approved, the Commission can ask STU to approach the empowered committee created under the Regulation.

##### **Commission’s analysis and decisions:**

After examining the suggestions, the Commission is inclined to modify the draft as below. “The Threshold Limit fixed in this Regulation shall be applicable for all new Intra-State Transmission Projects for which approval is yet to be accorded by the Commission.”

5. The Commission has decided to adopt the remaining clauses proposed in the draft without alterations where stakeholders have not submitted comments for modification. However, the appropriate corrections are made wherever necessary in line with the decisions in the Order.
6. In terms of the above decisions of the Commission, the Regulation is finalised and the same is enclosed as Annexure-II to this Order. The list of objectors is attached as Annexure-I.

**Sd/-**  
**P.V.R. Reddy**  
**Member**

**Sd/-**  
**Justice C.V. Nagarjuna Reddy**  
**Chairman**

**Sd/-**  
**Thakur Rama Singh**  
**Member**

**Annexure-I: List of Objectors**

<b>S.No</b>	<b>Name of the stakeholder</b>
1	Chief General Manager, Commercial & Legal, APTRANSCO.Vidyut Soudha, Vijayawada.
2	Sri P. PRATHAPA REDDY, Secretary Generali APSEB Engineers Association. H.No.49-1-133, Sreenilayam, Opp: Vidyut Soudha, Gunadala, Viayawada- 520 004, A.P.
3	Sri. P. Prathapa Reddy, Secretary General, APSEB Engineers' Association, H.No. 49-1-133, Sreenilayam, Opp: Vidyut Soudha, Gunadala, Viayawada- 520 004
4	Sri. S.Prathap, General Secretary APSEB Assistant Executive Engineers' Association, (Regd.No: 1185/1977) HQ: Vijayawada
5	Sri K.V.Sesh Reddy ,Secretary General A.P. Power Diploma Engineers' Association, Flat No 553, Indira Towers, Near American Hospitals, Bandar Road Vijayawada.-5200052
6	Sri. S. Surya Prakasa Rao, Former Secretary erstwhile APERC Flat.no.105, Ashok Chandra Enclave, 11-4-660 Redhills Hyderabad-500004
7	Sri.S.Krishnaiah, General Secretary,Andhra Pradesh Electricity Employees Union Regd No.1104,Vidyuth Karmika Bhavan, VijayawadaVijayawada
8	Sri B.SaiKrishna,GeneralSecretary, APSEEU-327, Vijayawada
9	Sri N.Srinivasulu, state president, AP Vidyut Shakti Employees Union, Trade Union Reg No.H-155, Head Quarters: SRT -17, A Colony, Dr.NTTPS IbrahimPatnam-krishna District -521456
10	Sri. V.Subbi Reddy, General Secretary, AP Power Employees Union Regd No. H-129 H.O: SRT-2, Dr. NTTPS, Ibrahimpatnam, Vijayawad - 521 456
11	T.Padmavathi, President AP-State Electricity Personnel & General Employees Association
12	Sri. K.V.N.Kiran
13	Sri. M. Venugopala Rao, Senior Journalist & Convener, Center for power studies H.No.1-100/MP/101,Monarch Prestige,Journalists' Colony Serilingampally Mandal , ,Hyderabad - 500 032
14	Sri.CH,Babu Rao, CPI(M), State Secretariat Member, 27-30-9, Akulalavari Street,Governorpeta, Vijayawada – 2

<b>S.No</b>	<b>Name of the stakeholder</b>
15	Sri. P.Sreenivasulu-District Secretary, D.No: 3-149-151, Bhagat Singh Colony,Near APSWR School, Chandra colony, Madanapalle-517325.
16	Sri U.M.kumar, Secretary,AP Textile Mills Association,2nd Floor Manoharam Skin Clinic, 4/2, Lakshmipuram, GUNTUR - 522 007
17	Sri. Ashwin Gambhir, Saumendra Aggarwal, Sreekumar Nhalur Prayas (Energy Group)
18	Sri. B.Vamsi Srinivas, SAC Member/APERC
19	Sri. Kakumanu Venkata Rama Krishna,Flat-102, Akshaya Nivas Apartments, Ashok Nagar, Kurnool - 518005.
20	Sri. Battala Akhil Kumar 80/3-1, Krishna Nagar, Kurnool - 518003 Andhra Pradesh
21	Sri. P.Bhavani sankar, 52-1/8-5B, Road No.2, NTR Colony,Vijayawada - 520008.
22	Sri. Mahendra Reddy Chaganti
23	Sri Surendranatha Reddy
24	Sri. A. Ravi, District secretary-CPI (M), Eluru District Committee Office, Power Pet, ELURU - 534002
25	Sri. K.Ramanjaneyulu, president, Eluru Municipal Corporation Development Committee, Eluru
26	Sri. K. Srinivas, Secretary General, Electricity OC Employees Welfare Association H.O. SRT-20, S - Colony, Dr. NTPS, Ibrahimpatnam, Vijayawada, Krishna Dist- 521456
27	200 Nos Mass Objections and APS VSTEWA
28	Representation from 282 employees & 277 Mass Objections and APS VSTEWA
29	18 Nos Mass Objections
30	Kattaconcept (through gmail)

## **Annexure-II**

### **ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION**

#### **[Regulation 4 of 2024]**

#### **The Andhra Pradesh Electricity Regulatory Commission (Threshold Limit for the Development of Intra-State Transmission (InST) Projects under the Tariff Based Competitive Bidding) Regulation, 2024**

##### **Introduction:**

The erstwhile APERC (Andhra Pradesh Electricity Regulatory Commission) of the undivided Andhra Pradesh State notified the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Transmission of Electricity) Regulation, 2005 (Regulation 5 of 2005) under Sections 61, 62 and 63 of the Electricity Act, 2003, wherein it approved the Approach, Framework, Procedure, Filings and Principles for computation of Aggregate Revenue Requirement (ARR) and the determination of Transmission Tariff. This Regulation was published in the AP Extraordinary Gazette on 30.11.2005. Clause 21 of the said Regulation provides for the determination of tariff of intra-state transmission projects under the bidding process.

The Commission has taken cognizance of the Hon'ble Supreme Court Judgment dated 23<sup>rd</sup> November 2022 in Civil Appeal No. 1933 of 2022 (TATA power vs MERC), wherein the Hon'ble Supreme Court directed all State Electricity Regulatory Commissions (SERCs) to frame Regulations under Section 181 of the Act on the terms and conditions for determination of tariff. The Hon'ble Supreme Court further directed that Appropriate Commission(s) while framing the guidelines on the determination of tariff shall be guided by the principles specified under Section 61 of the Electricity Act, 2003, which encompasses the National Electricity Policy (NEP) and Tariff Policy (TP).

As per Tariff Policy 2016, the tariff of all new generation and transmission projects of companies owned or controlled by the Central Government shall continue to be determined based on competitive bidding following the Tariff Policy notified on 6<sup>th</sup> January 2006 unless otherwise specified by the Central Government on a case to case basis. Further, the Tariff Policy specifies that intra-state transmission projects shall be developed by the State Government through the competitive bidding process for projects costing above a threshold limit which shall be decided by the SERCs. The National Electricity Policy specifies that all efforts have to be made to bring the power industry under competition as early as possible in the overall interest of consumers.

On March 15, 2021, the Ministry of Power issued a letter in which it recommended to the State Governments the adoption of Tariff Based Competitive Bidding (TBCB) for the development of intra-state Transmission Systems. Furthermore, on August 21, 2023, in reference to the ruling of the Hon'ble Supreme Court mentioned earlier, the Ministry of Power sent a letter requesting the SERCs to notify the threshold limit for awarding Transmission Projects through TBCB.

In light of the above considerations, to foster competition and minimise the intra-state transmission tariff to the advantage of consumers, and considering the already established Tariff Based Competitive Bidding projects for Transmission Services at the national level and within various states, as well as the Ministry of Power (MoP) Guidelines that encourage competition in the development of transmission projects, along with the threshold limits set by other SERCs and the investment portfolio of the STU, in exercise of the powers conferred under sub-sections (zd), (ze), (zf), and (zp) of Section 181(2) read with Sections 61, 63 and 86 (4) of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in that behalf, after considering all views/objections/suggestions as discussed in the Order dated 16.05.2024, the Commission frames the Regulation as below.

## 1. **Short title, commencement and interpretation**

- (i) This Regulation may be called “The Andhra Pradesh Electricity Regulatory Commission (Threshold Limit for the Development of Intra-State Transmission Projects under Tariff Based Competitive Bidding) Regulation 2024”.
- (ii) This Regulation shall come into force from the date of its publication in the Andhra Pradesh State's Gazette.

## 2. **Definitions:**

- A. **“Act”** means “The Electricity Act, 2003 (36 of 2003)”;
- B. **“Bid Process Coordinator or BPC”** means an agency notified by the State Government to coordinate the process of inviting bids for procurement of services for intra-state transmission of electricity through Tariff Based Competitive Bidding (TBCB) in accordance with the “Guidelines for competitive bidding” issued by the Central Government under Section 63 of the Act;
- C. **“Commission”** means the Andhra Pradesh Electricity Regulatory Commission;
- D. **“Control Period”** means a multi-year period comprising one or more financial years, as may be fixed by the Commission from time to time usually 5 years for which the principles for the determination of revenue requirement are stipulated.

- E. **“Empowered Committee”** means the Committee constituted by the State Government under the “Guidelines for Encouraging Competition in Development of Transmission Projects” issued by the Central Government for encouraging competition in the Development of intrastate transmission projects.
  - F. **“Guidelines for competitive bidding”** means the guidelines issued by the Central Government from time to time in terms of Section 63 of the Act for the development of transmission projects;
  - G. **“Financial “Year”** means a period of twelve months from 1st April of a calendar year to 31st March of the following calendar year;
  - H. **“New Intra State Transmission Projects”** means projects to be taken up for execution in the State of Andhra Pradesh (excluding the schemes involving the upgradation/augmentation of Assets forming part of the existing Transmission Licensee or STU & Deposit works whose funds are accounted for under consumer contribution) with effect from the date of notification of this Regulation.
  - I. **“Project”** means an element or elements of the intra-state transmission system included in the transmission plan prepared by the State Transmission Utility (STU) for the control period, and approved by the Commission;
  - J. **“STU”** means the Transmission Utility notified by the Government of Andhra Pradesh under section 39 (1) of the Electricity Act, 2003.
  - K. **“TBCB”** means Tariff Based Competitive Bidding
- Words and expressions used and not defined in this Regulation but defined in the Act shall have the meanings assigned to them in the Act. Expressions used herein but not specifically defined in this Regulation or in the Act but defined under any law passed by a competent legislature and applicable to the electricity industry in the state shall have the meaning assigned to them under such law.

### 3. Threshold Limit

- 3.1. The Commission hereby fixes the Threshold Limit of above Rupees two hundred and fifty (250) Crores excluding land cost for the new Intra-State transmission (InST) projects to be awarded under TBCB. Accordingly, all new Intra-State Transmission Projects costing above Rupees two hundred and fifty (250) Crores formulated by STU and approved by the Commission shall be implemented through TBCB by the bid process coordinators as per the recommendations of the empowered committee to be constituted by the Government of Andhra Pradesh following the guidelines for competitive bidding notified by the Central Government from time to time

- 3.2. The Threshold Limit fixed in this Regulation shall be applicable for all new Intra-State Transmission Projects for which approval is yet to be accorded by the Commission.
- 3.3. The entire Intra-State independent transmission projects including any upstream/downstream project shall be designed as a single project for inviting bids for the development of the project through TBCB.
- 3.4. In case the STU intends to implement any Intra-State Transmission System above the Threshold Limit through a cost-plus approach under Section 62 of the Act, due to some specific reasons such as the project being of a critical nature (e.g., Transmission System being developed for Defence, Railways, Airport, etc.) or there are issues involved in ownership or interface issues, i.e., where the ownership of new Intra-State Transmission System cannot be delineated from the assets of existing transmission assets, the STU shall obtain prior approval of the Commission for the same. Further, in case the STU intends to implement any Intra-State Transmission System below the Threshold Limit through Tariff Based Competitive Bidding, due to some specific reasons, the STU may implement such projects through Tariff Based Competitive Bidding if there are valid reasons to do so, with prior approval of the Commission.

**4. Power to Relax**

The Commission may, by general or special order, for reasons to be recorded in writing and after affording an opportunity for a hearing to the parties likely to be affected, relax or waive any of the provisions of these Regulations on its own motion or on an application made to it by any interested person.

**5. Issue of orders and practice directions:**

Subject to the provisions of the Electricity Act, 2003 and this Regulation, the Commission may, from time to time, issue orders and practice directions about the implementation of the Regulation and procedure to be followed and various matters which the Commission has been empowered by this Regulation to specify or direct.

**6. Power to Remove Difficulties:**

If any difficulty arises in giving effect to any of the provisions of this Regulation, the Commission may, by a general or special order, do or undertake or direct the STU to do or undertake things which in the opinion of the Commission are

necessary or expedient for removing the difficulties.

**7. Power to Amend:**

The Commission may at any time, add, vary, alter, modify, or amend any provisions of this Regulation.

**(By Order of the Commission)**

Place: Hyderabad  
Date: 16.05.2024

**P.KRISHNA**  
**Commission Secretary** (I/c)

