



ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

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Press Note

Approval of PPA, Determination of Capital Cost and Tariff for Unit-2 of Project-1(660 MW) of SEIL Energy India Limited (SEIL)

The Andhra Pradesh Electricity Regulatory Commission (APERC) issued an order on June 17, 2025, concerning two petitions: O.P.No. 2 of 2025 for approval of Power Purchase Agreement (PPA), filed by the three Distribution Licensees of Andhra Pradesh, APSPDCL, APEPDCL, and APCPDCL (collectively referred to as APDISCOMs), and O.P. No. 08 of 2025 filed by SEIL Energy India Limited for the determination of capital cost and tariff from FY26-FY29. The SEIL's Unit-2 of Project-I is located at the Nelatur and Pynampuram villages in Nellore District, Andhra Pradesh. This Order approved the PPA, determined the capital cost, and tariff for FY26-FY29. The Order may be downloaded from the Commission's website: www.aperc.gov.in

The highlights of the order:

1. Approved the Power Purchase Agreement (PPA) for 12 years from the date of the approval by APERC.
2. While approving PPA, some important decisions taken by APERC are as follows.
 - i. The Commission only permitted generation from concessional coal/zero premium coal allocated to SEIL under the Shakthi B(iii) policy, giving DISCOMS the liberty to procure power using premium coal as needed. Accordingly, the payment of fixed charges is regulated.
 - ii. DISCOMS' obligation to pay 70 per cent of the fixed costs when they would not offtake the power is not accepted.
 - iii. DISCOMS' obligation to pay SEIL all Force Majeure Costs attributable to a Political Event is not accepted.

- iv. The primary fuel definition was modified to accommodate the coal allocated to SEIL under the Shakthi B(iii) policy.
 - v. The interim tariff to SEIL for the power supplied before the commencement of the PPA will be as per APERC's approval, instead of the mutually agreed-upon price between APDISCOMS and SEIL.
 - vi. SEIL is at liberty to sell its power to third parties using premium coal when the DISCOMS do not have the demand to take the power.
 - vii. Liberty is given to SEIL to file separate petitions for claiming additional capital expenditure, fly ash transportation charges, security expenses and water charges.
 - viii. SEIL is permitted to claim the Income Tax and Incentives as per APERC Tariff Regulation 1 of 2008.
3. The tariff for FY2024- 25 is not determined by the Commission, as the power supply from the Unit commenced from 06.05.2025. Some important tariff-related details as filed by SEIL and approved by APERC relating to fixed charges are shown in the table below.

S.No.	Description	Filed by SEIL	Approved by APERC
01	Capital Cost including IDC in Cr.	4,816.66	4792.43
02	Weighted Average Cost of Capital (WACC)	13.72%	11.64%
03	Debt-to-Equity Ratio	32.27: 67.73	70:30
04	Total Fixed Cost in Cr. from FY 2025-26 to FY 2028-29	3977.92	3067.22
05	The fixed charges per unit for FY 2025-26 at 85% target availability	2.17	1.68

4. The Breakup of Annual Fixed Costs (AFC) in crores from FY2026-29 is shown in the table below.

Financial Year	Depreciation (in Cr.)			O&M charges (in Cr.)			ROCE (in Cr.)			Total Fixed Cost (in Cr.)		
	Filed	Approved	Diff	Filed	Approved	Diff	Filed	Approved	Diff	Filed	Approved	Diff
FY 25-26	253	170	83	244	179	65	513	432	81	1010	782	229
FY 26-27	258	170	88	254	189	65	493	413	81	1005	771	234
FY 27-28	261	170	91	264	198	66	464	393	71	989	762	228
FY 28-29	264	170	94	275	209	66	433	374	60	973	753	220
Total	1037	681	357	1037	775	262	1904	1612	292	3978	3067	911

5. SEIL claimed energy charges of Rs. 3.05/kWh, whereas APERC determined the same to be Rs. 2.83 per unit. APERC approves the following normative parameters for determining energy charges as per APERC Tariff Regulation 1 of 2008.

S.No.	Description	Units	Value
1	Station Heat Rate	kCal/Kg	2246.75
2	Auxiliary Power Consumption	%	5.25
3	Specific Oil Consumption	ml/kWh	0.5
4	Windage & Transit Losses	%	0.8
5	Availability	%	85

6. The per unit Cost for FY 2025-26 approved by APERC is Rs.4.51 against SEIL's claim of Rs. 5.22. The approved per unit cost is competitive when compared to that being paid by APDISCOMs for the 625 MW capacity (500 MW + 125 MW open access) of another SEIL Unit located in the same premises w.e.f. 13.12.2023, as well as other new APGENCO stations whose tariffs have been approved recently.

Some crucial directives of the APERC

7. The SEIL must submit an annual performance petition to the Commission each year once its audited financial figures become available.
8. APDISCOMs are directed to actively pursue with the Ministry of Power and the

Ministry of Coal (through the Government of Andhra Pradesh) to increase the allocation of zero premium coal from MCL-Talcher to the required quantity to operate the Unit at full capacity, taking into account its lower price and lower transportation cost.

9. The following CERC directions regarding the sampling and testing of GCV at the receiving end of generating stations must be strictly adhered to “As per the directions of the Hon'ble High Court of Delhi, the CERC vide its order dated 25.1.2016 in Petition No. 283/GT/2014 has decided as under:

- (a) There is no basis in the Indian Standards and other documents relied upon by NTPC etc. to support their claim that GCV of coal on as received basis should be measured by taking samples after the crusher set up inside the generating station, in terms of Regulation 30(6) of the 2014 Tariff regulations.

- (b) The samples for the purpose of measurement of coal on an as-received basis should be collected from the loaded wagons at the generating stations either manually or through the Hydraulic Auger in accordance with provisions of IS 436(Part 1/Section 1)-1964 before the coal is unloaded. While collecting the samples, the safety of personnel and equipment as discussed in this order should be ensured. After collection of samples, the sample preparation and testing shall be carried out in the laboratory in accordance with the procedure prescribed in IS 436(Part 1/Section 1)-1964, which has been elaborated in the CPRI Report to PSERC.”

10. The GCV shall be calculated at the receiving generating station for the computation of energy charge/variable charge, following the above sampling procedure duly considering the minimum margin recommended in the MoP notification dated 18.10.2017, to account for the loss of GCV from the wagon top at the unloading point to the point of firing in the boiler.

11. APDISCOM shall approve the third-party sampling agency for assessing the coal quality as per the PPA provisions within one month from the date of this Order.

12. APDISCOMs shall expedite the completion of the evacuation facility for this Unit through the STU network in coordination with APTRANSCO. However, if the currently available GNA is sufficient to draw power from this Unit through the CTU network, evacuation via the STU network may be deferred to avoid incurring evacuation costs. The need for evacuation through the STU network shall be reviewed periodically, and the Commission shall be kept informed of any developments.
13. As regards the installation of FGDs by SEIL, if any, the Office Memorandum issued by NITI Aayog dated 24.09.2024 shall be duly taken into consideration.
14. The fixed charges determined in this Order are for the full capacity of 660 MW at a target availability of 85%. Since the zero premium coal cannot generate full capacity, APDISCOMs shall pay the fixed charges proportional to the Capacity corresponding to the zero premium coal at 85% availability. If the actual availability falls below this threshold, payments shall be claimed and paid on a pro rata basis every month, subject to annual reconciliation. Further, since SEIL commenced power supply on 06.05.2025, the fixed charges payable for FY 2025-26 shall be claimed and paid on a pro-rata basis. If the Commission grants approval for the use of premium coal under SHAKTI B(iii) for any additional capacity that is over and above the Capacity generated using zero premium coal, APDISCOMs shall pay the fixed charges for that capacity.
15. The Commission directs APDISCOMs to deduct five paise per unit from the variable cost if the actual monthly availability is up to 5% below the normative/target level; ten paise per unit if the shortfall is between 5% and 15%; and fifteen paise per unit if the shortfall exceeds 15%. SEIL may seek the release of any amount withheld by APDISCOMs in this regard by filing an appropriate petition, providing reasons for the shortfall, and demonstrating that the non-performance was due to uncontrollable factors.

16. Any violation of the directions issued by the Commission in this Order will result in the Commission taking suo motu action under Sections 142 and 146 of the Electricity Act, 2003.

(By Order of the Hon'ble Commission)

PLACE: Kurnool

DATE: 17.06.2025



COMMISSION SECRETARY _{i/c}