



ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

Vidyut Niyantrana Bhavan, Adjacent to 220/132/33/11 KV AP Carbides SS,
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Press Note

The Andhra Pradesh Electricity Regulatory Commission (APERC) issued an order on 28 October 2024 on the two petitions (O.P.No. 5 of 2023 and O.P.No. 22 of 2024) filed by APGENCO for the consent of the Power Purchase Agreement (PPA) and determination of the tariff for Dr. Narla Tata Rao Thermal Power Station Stage-V (Dr. NTPPS-V), which has a capacity of 800 MW.

Key Highlights:

- 1. PPA Consent:** The Commission has granted consent for the PPA, recognising its necessity to maintain baseload capacity, balance renewable integration within the state's energy mix, and meet Andhra Pradesh's future power needs.
- 2. Delay in the completion of the Project:** APGENCO requested the Commission to permit Interest During Construction(IDC) for the delay of 46 months in the Commercial Operation Date(COD) of the project, considering factors like implementation of stricter environmental norms, COVID-19 impact, and a fire incident. However, the Commission permitted a delay of only 31 months, keeping in view the Supreme Court's order on the extension of time limitation due to the COVID-19 pandemic and the fact that delays due to other factors overlapped with the pandemic period, making additional extensions due to these factors redundant the COVID-19 pandemic and the enforcement of stricter environmental norms impacted all thermal power plants under construction nationwide.
- 3. Capital Cost:** APGENCO claimed a Capital Cost and additional Capital Cost of Rs. 7,904.19 crores and Rs. 550 crores, respectively, for the project, which included the Interest During Construction (IDC) for delays. After a thorough review, the Commission approved a revised Capital Cost of Rs. 6,209.84 crores and rejected the additional capital claim, resulting in a reduced Capital Cost(including additional Capital Cost) of Rs. 2,244.35 crores.
- 4. Fixed Charges:** The Commission approved a total Fixed Charge of Rs.6,295.42 Crores for the period from 21.12.2023 to 31.03.2029 as against the claim of Rs.8,800.61 crores by APGENCO, i.e., a reduction of Rs.2,505.19 crores.

5. **Variable Charges:** The Commission approved a ceiling price of Rs. 3.34/kWh for Variable Charges, subject to yearly adjustments of fuel and transportation costs, as against the claim of Rs.3.50/kWh by APGENCO.
6. The following Directions are issued to APGENCO regarding Dr.NTTPS Stage V in the Order.
- i. The sampling and testing of GCV at the receiving end of generating stations shall be strictly *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.*
 - ii. The GCV shall be calculated at the receiving generating station for the computation of energy charges/variable cost, 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.
 - iii. APGENCO shall submit its action plan to comply with the CEA (Flexible operation of coal-based thermal generating units) Regulations,2023, within two months of receiving this Order.
 - iv. The Commission held that APGENCO should maintain the required coal stocks as per the norms. In case there is a deviation of more than 10 per cent from the norm, DISCOMS were permitted to file a petition before the Commission under section 142 for violation of the above direction, besides seeking recovery of working capital corresponding to the shortfall of coal stock.
 - v. The Commission directed the DISCOMS to make PP cost payments to APGENCO as per the PPA approved by the Commission . Any violation of this direction entitles APGENCO to initiate proceedings against the DISCOMS under Section 142 of the Electricity Act, in addition to regulating power supply as per Rule 6 of the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022.
 - vi. APGENCO is granted the liberty to file an appropriate petition before the Commission with the actual costs incurred regarding the costs incurred for transportation of the fly ash as per MoEF notifications.
 - vii. The Commission advised the GoAP to back APGENCO to address all logistical issues, improve APPDCL's performance, and lessen DISCOMS' dependence on power markets to maintain the 24X7 power supply to end consumers. **The Commission first time directed the DISCOMS to deduct five paise from variable costs if the actual availability in any month is up to 5 per cent less than the normative/target, 10 paise if**

the actual availability shortage falls in the range of 5-15 per cent and 15 paise if the actual availability falls short of more than 15 per cent. APGENCO may seek release of the withheld amount by the DISCOMS by filing an appropriate petition in this regard with reasons for such non-performance and showing that they are uncontrollable.

- viii. Any violation of the directions issued by the Commission in the Order will entail its action being taken by the Commission Suo motu under Sections 142 and 146 of the Electricity Act, 2003.

(By Order of the Commission)

PLACE: Kurnool

DATE: 28.10.2024



Commission Secretary_(I/c)