



ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

Vidyut Niyantrana Bhavan, Adjacent to 220/132/33/11 KV AP Carbides SS,
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PRESS NOTE

Determination of Additional Capital Cost and Tariff for 2x800 MW Stage-I SDSTPS for the 5th Control Period 2024-2029 and determination of Capital Cost & Tariff for 1x800 MW Stage-II SDSTPS from COD of 10.03.2023 to 31.03.2024 in 4th Control Period 2019-2024, and for the 5th Control Period 2024-2029.

The AP Electricity Regulatory Commission (APERC), Kurnool, issued an order in the matter of Determination of Additional Capital Cost and Tariff for 2x800 MW Stage-I SDSTPS for the 5th Control Period 2024-2029 and determination of Capital Cost & Tariff for 1x800 MW Stage-II SDSTPS from COD of 10.03.2023 to 31.03.2024 in 4th Control Period 2019-2024, and for the 5th Control Period 2024-2029 under Section 62 of the Electricity Act, 2003 for the electricity supplied by Andhra Pradesh Power Development Company Limited (APPDCL) from Sri Damodaram Sanjeevaiah Thermal Power Station to the Distribution Licensees in Andhra Pradesh and approval of PPA. The Order may be downloaded from the Commission's website: www.aperc.in.

The summary of the Order is below.

1. SDSTPS consists of two stages. Stage I is a 2X800 MW configuration, and Stage II is a 1X800 MW configuration. Stage I achieved its Commercial Operation Date (CoD) in 2015, and Stage II achieved its Commercial Operation Date CoD in March 2023.
2. The Commission grants consent to the PPA in OP No 6 of 2023 for Stage II with the suggested modifications and Amendment 1 dated 27.06.2024 to the PPA dated 24.08.2016 of Stage I.
3. Fixed Cost is an aggregate of Operation and maintenance expenditures, Depreciation, and Return on Capital Employed.
4. The Annual Fixed Charges (AFC) approved against the claim by APPDCL for SDSTPS-Stage-I for the control period covering financial years FY 2024-25 to FY 2028-29 are shown below.

Item -Rs Crs	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Filed Fixed Cost	1948.27	1936.66	1926.28	1917.34	1909.83	9638.38
Approved Fixed Cost	1762.86	1749.68	1737.51	1726.44	1716.73	8693.22
Difference	185.41	186.98	188.77	190.90	193.10	945.16

DISCOMs have PPA with SDSTPS-Stage-I to the extent of 90% of Capacity. Accordingly, the liability for payment of fixed charges to SDSTPS is as per the consented PPA.

5. **Delay in the completion of the Project of SDSTPS Stage II:** APPDCL requested the Commission to permit Interest During Construction (IDC) for the delay of 37 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 30 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. The SDSTPS-Stage-II plant achieved CoD on 10.03.2023.
6. The capital cost approved by the Commission against the filings is shown in the table below.

Item	Filed by SDSTPS	Approved by the Commission
Capital Cost as on CoD	8804.31	7369.41
Capital Cost with additional Capitalisation incurred up to 31.03.2024	8951.31	7516.41

7. The Annual Fixed Charges (AFC) approved against the claim by APPDCL for SDSTPS-Stage-II for the control period covering financial years FY 2024-25 to FY 2028-29 is shown below.

Filings Vs Approved: Approved: Annual Fixed Charges -Stage II

	2022-23	2023-24	Total	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Filed Fixed Cost	98.20	1635.10	1733.30	1652.56	1631.99	1614.25	1597.23	1580.93	8076.96
Approved Fixed Cost	82.62	1374.98	1457.59	1385.61	1364.05	1343.01	1322.56	1302.70	6717.93
Difference	15.58	260.12	275.71	266.95	267.94	271.24	274.67	278.23	1359.03

8. The Variable Cost (VC): Variable cost covers the cost of primarily coal and secondary oil used for power generation. The ceiling price per unit approved in the order is subject to an annual performance review as against the filings, is shown in the table below.

Stage	Filed	Approved
Stage-I	Rs.4.06/Unit with 15% variation flexibility over the Control period.	Rs. 3.80/Unit Ceiling
Stage-II	Rs.3.01/Unit, with 15% variation flexibility over the Control period.	Rs. 3.20/Unit Ceiling.

9. The following Directions are issued to APPDCL in the Order.
- 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.*
 - 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.
 - APPDCL 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.
 - The Commission held that APPDCL shall 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 APPDCL as per the PPA approved by the Commission. Any violation of this direction entitles APPDCL 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. APPDCL 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 APPDCL 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. APPDCL 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)