



ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

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APERC - A Pilot project for the sale of energy efficient appliances to domestic consumers – Approval for APSEEDCO - Issued - Reg.

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Proceedings. No.11/T- 98/2022/D.No.706

Date: 09-11-2022.

Read the following:

Ref:- 1. Lr.No.APERC/Secy/F:T-35/D.No.636/2021, Date: 07.12.2021.

2. Minutes of the meeting dated 25.04.2022 communicated by the Commission

3. Lr.No.APSEEDCO/MD & CEO/F.No/D.No.305/Dt.21.10.2022

4. Lr. No. APSEEDCO/MD & CEO/ F.NO. /D. No 306/Dt.21.10.2022

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ORDER:

1. As an endeavour to promote energy efficiency and energy conservation in the system, in particular the use of modern energy-efficient appliances by domestic consumers, by letter dated 07.12.2021 the Commission directed the DISCOMS and APSEEDCO to examine the on-bill financing model.
2. In the Retail Supply Tariff Order for FY 2022-23, the Commission while directing the DISCOMS to release one crore rupees as grants to APSEEDCO, also directed APSEEDCO to spend the same in a manner as specified by the Commission to scale up the energy conservation and energy efficiency activities.
3. Pursuant to the directions of the Commission, APSEEDCO made a presentation to the Commission on 25.04.2022 in the Commission's office on a pilot program focussing on LED tube lights, BLDC ceiling fans, and super-efficient ACs proposed to be undertaken for sale by APSEEDCO in collaboration with the DISCOMS through the on-bill financing model. In the said meeting, the Commission acknowledged the significance and benefit of a programme to promote the

adoption of super-efficient appliances by consumers which paves the way for the reduction of electricity bills to some extent, and directed APSEEDCO to come up with a programme implementation plan with financial details.

4. Accordingly, APSEEDCO vide references (3) & (4) cited above, has submitted an implementation plan and utilisation of grants duly obtaining the permission from energy department and consent from the DISCOMS, for approval of the Commission. The pilot implementation plan is briefly stated below:

- i. The appliances proposed for sale are LED tube lights (1500 Nos), 1200 mm BLDC fans (Smart-300 Nos and General-1200 Nos), and 1.5 TR super efficient split air-conditioners-100 Nos on the option given to the consumers for payment of the cost of the appliance either on a full upfront basis or on-bill financing.
- ii. The locations chosen for the sale of appliances are either at headquarters of the DISCOMS (Vizag, Vijayawada and Tirupati) or the DISCOMS' offices in other cities.
- iii. In case the consumer opts for an on-bill financing model, the equated monthly instalments (EMI) will be collected from the consumer along with current consumption charges every month. The consumer will be given 12 no-cost EMIs in the on-bill financing model.
- iv. The appliances will be procured from the original equipment manufacturers or their authorised distributors through competitive bidding.
- v. Awareness campaign through flyers, posters, and videos
- vi. The knowledge partner for the pilot project is Council on Energy, Environment and Water (CEEW) New Delhi.
- vii. The estimated total cost of the pilot project is 1.405 Cr and out of which the non-recoverable part is about 55 lakhs to meet the operational, campaign, knowledge partner, and other expenditure.

5. The Commission after examining the proposal of APSEEDCO in detail hereby approves the proposed pilot project with the following modifications and directions to APSEEDCO and the DISCOMS to comply with for the implementation:

- i. Extensive awareness shall be created among the consumers by all means of publicity channels and energy savings of the energy-efficient appliances over the conventional appliances shall be given at the sales points.
- ii. The on-bill financing model shall be made applicable only to BLDC fans and Air conditioners. The LED tube lights shall be sold only on upfront payment.
- iii. The warranty and service support from the suppliers of the appliances should be guaranteed. LED lights of only reputed brands shall be procured/tied-up for sale.
- iv. An undertaking shall be obtained from the consumers who opted for the on-bill financing model for their acceptance to disconnect their supply connections if they fail to pay the no-cost equated monthly instalment along with the current consumption charges. Accordingly, the DISCOMS shall disconnect supply to the consumers in case of default of EMI.
- v. The DISCOMS shall remit the no-cost EMI collected from the consumers to APSEEDCO's account/supplier's account as the case may be as per the mutually agreed date every month.
- vi. APSEEDCO shall endeavour to identify the original equipment manufacturers for on-bill financing either through bilateral agreements or competitive routes. The knowledge partner services may be utilised in this regard.
- vii. The implementation of the pilot project shall be completed on or before 31.03.2023 positively.
- viii. The detailed report about the impact and success of the pilot project shall be submitted within 45 days after implementation of the same. The sale of the number of appliances as provided in the estimate of the pilot project shall be treated as the completion date of the pilot project.

6. The non-recoverable expenditure of the pilot project cost is restricted to Rs.25 lakhs. The non-recoverable expenditure and the loan loss reserve requirement, if any, based on the actuals shall be met from the grants provided by the DISCOMS to APSEEDCO as per the directions of the Commission in the Retail Supply Tariff Order for FY 2022-23 and no additional burden whatsoever shall be on the DISCOMS in case of losses or default in payments by the customers.

(By order of the Hon'ble Commission)



Commission Secretary I/c

To

The MD/APSEEDCO/Vijayawada

The CMD/APSPDCL/Tirupati

The CMD/APEPDCL/Visakhapatnam

The CMD/APCPDCL/Vijayawada

Copy to:

The Special Chief Secretary/Energy Department/GoAP/Amaravati

The CMD/APTRANSCO/Vijayawada