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The Federation of Telangana and AndhraPradesh Chambers of Commerce and Industry

(Formerly known as FAPCCI) Empowering Industry, Commerce & Trade Registered under the Companies Act, 1956

HEAD OFFICE

Federation House, FAPCCI Marg, Red Hills Hyderabad 500004, Telangana, India. Tel.: +91 40 2339 5515 to 22 (8 lines) Fax: +91 40 2339 5525

Email: info@ftapcci.com Website: www.ftapcci.com **BRANCH OFFICE**

D.No. 54-16-1/2-A, 3rd Floor, Central Excise Colony, Gunadala, Vijayawada - 520004. A.P. India

Tel.: 91 866 - 2452256, Fax: 91 866 - 2453356 Email: info.vijayawada@ftapcci.com

CIN U91110TG1964NPL001030

Gowra Srinivas President

Arun Luharuka Senior Vice President Karunendra S. Jasti Vice President

October 27, 2017

The Secretary

APERC 4th Floor, Singareni Bhavan **Red Hills** Hyderabad

Dear Sir,

Sub: Suggestions on the subjects to be discussed in State Advisory Committee (SAC) and State Coordination Forum (SCF) Meetings - reg...

We congratulate APERC for inviting Inputs for inclusion in agenda of next SAC. It is laudable step in the right direction and will go a long way in furthering the cause of all stakeholders and the welfare of the State.

Andhra Pradesh has always been ahead of the rest of the Country in adopting Reforms in Electricity Sector for efficient generation and distribution of electricity which is vital for Development of the State. Following bifurcation of the State, the Government had rightly brought out a White Paper on the Electricity Sector and later took steps to herald the State into Surplus position and also took leadership positions in adopting Solar, Wind and LED bulbs etc. in a big way.

The State and Central Governments declared commitment to work to improve the contribution of Manufacturing Sector to the respective GDPs and are proactively working towards it.

The Flagship Programs like 'Make in India', Start-Up India, Stand-Up India and many other programs are initiated and implemented by the government of India. Number of reforms were introduced in various Laws to improve the Ease of Doing Business in the country as well as in the State of AP.

The State of Andhra Pradesh got 1st Rank in Ease of Doing Business among all the States and Union Territories and we are confident that it will retain its Rank in this year and in future.

Though the business environment undoubtedly improved, number of problems are plaguing the industrial growth and there is no improvement in the share of manufacturing sector in GDP/GSDP.

The country is faced with

- Increasing share of NPA accounts notably from Infrastructure, Steel and Power etc.
- Decreasing proportion of Industrial Power Consumption
- Falling Exports of Manufactured Goods etc.
- Lack of job creation

Many States including Andhra Pradesh and the Country as a whole have turned Power Surplus and the PLF of Thermal Stations have been falling continuously in view of lack of commensurate growth in Demand.

Hence it is imperative at this juncture to drive Demand Growth. One of the reasons for low demand growth is, as pointed out, decreasing proportion of industrial power consumption and one way of improving the consumption is to make power cheaper.

If the power tariff is reduced and make it affordable to the industry it will have cascading effect on other parameters such as:

- 1. Power generators achieve better PLF which leads to improved financial performance
- 2. Industries to become globally competitive and thereby drive more growth
- 3. Consumers of all categories gainfully utilize more Energy , which is the index of Progress

Towards this end, some of the Policy issues to be deliberated are:

- 1. Tariff related issues:
- Business Sales Forecasting
- Controlling the Power Procurement Cost as it Is 80% Of DISCOMs' Aggregate Revenue Requirement by
 - A. Due diligence on all old PPAS and new ones.
 - B. Examine the PLF OF THERMAL SOURCES and consider less than 85% PLF UNACCEPTABLE.
- Reduce the disparity in tariffs between voltage levels in line with most other states to make A.P. Industries competitive. (the Tariff of 33 KV Industrial Consumers is higher by about 43 paise over 132 KV while in most other States like Karnataka, Kerala, Chattisgarh, Gujarat it is only a few paise.)
- Revisiting tariff determining methodology to ensure subsidy is neither Overstated nor Understated. (To ensure this, the subsidy should be arrived at after full cost tariff is laid for all categories of consumers at correct C.O.S and tariff at C.O.S +/- 20%)
- SST across the chain in electricity business up to retail. Bringing Electricity under GST simultaneously Eliminates Levy of Cross Subsidy from Tariff and Open Access. Electricity duty to be subsumed in GST as recommended by 13th Finance Commission.
- Reduction in Demand Charges as in most other States. (SMEs operating in single shift are paying hefty bills leading to higher fixed costs and thereby leading to closures)

2. Alternative Strategies for Peak Load Management

- > Smart Grid Management feasibility for better load factoring
- > Separation of wire and energy retail to promote competition
- Facilitate separation of Content and Carrier Business as envisaged in the proposed Amendment to Electricity Act.
- > Encourage Solar Power including rooftop.

- Match agricultural consumption to Solar production and avoid need for back up while providing farmers power supply during day time.
- Encourage adoption of Storage for Renewable Energy
- ➤ ·All new Coal based Generation should be flexible type to cater to varying PLF.

3. Reduce Financial Burden on the consumers:

- Accept Bank Guarantee for ACD.
- Reduce Interest rates on Delayed Payments as well on ACD installments etc in line with falling interest rates.

T.S. Appa Rao I.A.S (retd) Secretary General, FTAPCCI



ANDHRA PRADESH POWER GENERATION CORPORATION LIMITED

(Govt. of A.P. Undertaking)

CIN: U40109AP1998SGC030806

K. VIJAYANAND, IAS

Managing Director

Lr.No.MD/CE (Comml)/SE (Comml & Plng)/APERC-SAC&SCF/D.No.1155/17, dt. 30.10.2017.

To
The Secretary,
11-4-660, 4th Floor,
Singareni Bhavan,
Red Hills, Lakdikapool,
Hyderabad-500 004.
Sir,

Sub: - Suggestions on the subjects to be discussed in State Advisory committee (SAC) and state Coordination Forum (SCF) meetings – Furnished – Reg

Ref: Lr.No.APERC/JD (PPP)/DD (CA)/F.E-307(Vol.III)/D.No. /2017, Dt.11-10-2017.

In the reference letter cited, it was requested to suggest the subject for discussion in the state Advisory committee (SAC) and State coordination Forum (SCF).

In this context, APGENCO proposes the following issues for discussion which are very critical for the power generator.

1. Fixation of variable cost in the distribution tariff order.

As per clause 13.1 b of 1 of 2008 of APERC Regulation the variable cost rates have to be fixed based on previous quarter of tariff filings. This has to be ensured in the Distribution tariff order.

2. Reinduction of quarterly FCA claim

The variable cost is fixed based on previous year's rates and during the current year there is increase in landed cost of coal on account of increase in coal rates, increase in railway freight and supply of coal by Coal companies from different mines effecting transportation cost. Generators have no credit for arranging payment for these additional commitments and Discoms are not admitting the FCA bills of Generator stating that quarterly FCA was dispensed. It is causing severe impact on the cash flows

of the Generator. Therefore APGENCO requests for reinduction of Quarterly FCA

mp/ PEPP/11/19

Ma

lanaging Director
APGENCO 38 10

Yours faithfully

CONTROL OF THE SOUDHA, GUNADALA, VIJAYAWADA - 520 004, A.P. INDIA.

10/25/2017

Subject: Suggestions for the meeting of CF/SAC

To: Commission Secretary APERC <commn-secy@aperc.gov.in>

Cc: jdppp-aperc@aperc.gov.in,

Srihari Dukkipati <srihari@prayaspune.org>, jdppp@aperc.gov.in

Date: 10.24.17 06:14 PM

From: Sreekumar N < sreekumar@prayaspune.org >

October 24, 2017

The Secretary, APERC

Ref: Your letter No. APERC/JD(PPP)/DD(CA)/F.E307(VOL III)/D.No: /2017, Dt 11-10-2017

Dear Sir

With reference to your letter referred above, I suggest a 60 minute long presentation & discussion on the RATE model for AP by Prayas. Today, I had briefly discussed this with the Honourable Chair person who also agreed with the idea.

After the first presentation to APERC in end 2016 and many discussions from early 2017, we have customised the Revenue and Tariff Analysis for Electric utilities (RATE) model for Andhra Pradesh. We wish to present the model (assumptions, scenarios) and its results in this meeting, especially since the Commission, Utilities and SAC members would be present. We hope that the presentation and discussion would help all of us to plan for the coming years.

We request you to kindly provide a 60 minute slot for this presentation. Some of my colleagues will also join for the presentation. If possible, we wish to visit APERC a day before this meeting to have detailed discussions with Er. Vidyasagar on the results and the the process of handing over the model to APERC.

Looking forward to your positive response and also the date and venue of the meeting.

Thanking you

Yours truly

Sreekumar N

Member, Prayas Energy Group

Email: sreekumar@prayaspune.org

www.prayaspune.org/peg

Web:

Pune:

Unit III A and B, Devgiri,

Joshi Museum Lane, Kothrud Industrial Area, Kothrud

Pune, 411 038 India

Tel. 91-20-25420720, 65205726

Mobile: +91-9440328906

"Farmer's Welfare is Nation's Welfare"



Rashtriya Raithu Seva Samithi

Regd. No.312/2006

P. Kothakota Vill. and Post, (Via) Pakala, Chittoor Dist., A.P. - 517112.

" రైతు శ్రేయస్సే దేశ శ్రేయస్సు"

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President

K. Rajendra Reddy

Ph: 08572-278866 Cell: 9440009876. Secretary .

Dr. Uma Shankari

Email:<umanarendranath@yahoo.co.in>

To

Date: 23-10-2017.

The Secretary,
A.P.E.R.C.,
11-4-660, 4th Floor,
Singarenibhavan,
Red Hills, Lakdi-ka-pool,
HYDERABAD - 500 004.

Sir,

Sub: - Suggestions on the subjects to be discussed in State
Advisory Committee (SAC) and State Coordination Forum
(SCF) meetings - Requested - Reg.

Ref:- Your Lr.No. APERD/JD(PPP)/DD(CA)/F. E. 307(Vol.III)/ D.No. /2017, dated 11-10-2017.

In response to the above mentioned reference we give below our suggestions, relating to the Power Sector of our State which need to be discussed in length in the ensuing State Advisory Committee and State Coordination Forum Meetings to be conducted by the Hon'ble Commission.

- 1. Discussion on implementation of rules, regulations, orders, directives and Acts by Electricity Utilities of Andhra Pradesh
- 2. The Electricity (Amendment) Bill 2014 i.e. Bill No. 191 of 2014

The fate of the said bill is not known even after 3 years. Though the subject "working of reforms in the Electricity and the Electricity Act 2003 suggestions for implementation" was in the Agenda of 7th Meeting, and detailed full scale discussion was not held. There is need for a detailed study of 2003 Act and of Govt. of India. It is requested to accommidate for full scale discussion or to Constitute a working group to deal with the task.

- 3. Agricultural consumption Agricultural Services.
- 4. Maintenance of Rural Supply net work.

Reduction

- 5, Remarkan of Power Purchase cost.
- 6. Revision of Standards of performance.
- 7. Realastic ARR by the DISCOMs instead of envisaged ARR.
- 8. Uniformity in presentation of ARR by the DISCOMs.
- 9. Comparision of daily allowances of State Advisory Committee members and OGRF Members.
- 10. Shifting of APERC to Amaravathi.
- 11. Implementation of UDAY Scheme by the Licensees.
- 12. Efforts of closure of Thermal Stations completed more than 25 years and future plans.
- 13. Financial Status of the Electricity Utilities of the State i.e. TRANSCO, GENCO, and DESCOMS.

Yours sincerely,

le kapenton

(K.RAJENDRA REDDY)

PRESI DENT.