

PFI Comments on Andhra Pradesh DISCOMs ARR & Tariff Petition for FY 2025-26

Before : Hon'ble Andhra Pradesh Electricity Regulatory Commission

Public Hearing

A. Delay in True-Up Filings by AP DISCOMs

PFI Comments

- **No Filing for FY 2023-24:** AP DISCOMs have not filed the Petition for True-Up of FY 2023-24 till date.
- **Delays in True-Up Orders:** Last True-Up Order issued by APERC was for FY 2020-21, dated 30/03/2022. True-Up Orders for FY 2021-22 and FY 2022-23 remain pending.
- **PFI's Comment:** PFI requested the Hon'ble APERC to conduct the True-Up for FY 2023-24 on Suo-Moto basis by 31st March 2025, as mandated by the Hon'ble APTEL.

DISCOMs' Response

- The licensee filed the application for True-Up of FPPCA for FY 2023-24 before the Hon'ble APERC for recovering the variations in power purchase cost over the approved figures and orders were issued by the Hon'ble APERC on 29-11-2024.
- In accordance with the Hon'ble APERC 5th amendment Regulation to Regulation No. 4 of 2005, the licensee has presented variations in uncontrollable items for the year FY 2023-24 along with ARR for FY 2025-26 (n+2)

PFI Remarks

- True-up is a wider exercise involving True-up of all expenses and not just Power Purchase Cost
- **True-up** → Done with respect to Audited Accounts which is available for FY 2023-24 but No Petition filed by DISCOMs
- **OP 1 of 2011** → Truing Up to be done regularly every year, Suo-Moto in the event of delay
- Even APERC 5th Amendment Tariff Regulations mandate filing of True-up Petitions. **If not done, then Suo-Motu by APERC as per APTEL directions**

B. LONG-TERM POWER PURCHASE QUANTUM AND COST

B.1 NON- COMPLIANCE OF APERC'S TARIFF ORDER DATED 11/03/2024

- 4 nos. of Generating Stations (NTPC Kudgi, NTECL Vallur, NTPL-Tuticorin & NNTPS-Nyveli) considered for projecting Power Purchase requirement for FY 2025-26.
- However, APERC in its Tariff Order dtd. 11/03/2024, based on its Order dtd. 30/10/2023, did not approve the Power Purchase from these Stations on account of expiry of PPA and high-Power Purchase Cost.

AP Central DISCOM						AP Eastern DISCOM				AP Southern DISCOM			
FY 2025-26	Capacity	Despatch	Unit Cost (Rs./kWh)			Despatch	Unit Cost (Rs./kWh)			Despatch	Unit Cost (Rs./kWh)		
Stations	MW	MU	FC	VC	Total	MU	FC	VC	Total	MU	FC	VC	Total
NTPC Kudgi Stage-I	49	86	6.12	4.87	10.98	160	6.02	4.87	10.88	160	5.93	4.87	10.80
NTECL Valluru	21	118	1.69	3.78	5.47	215	1.70	3.78	5.48	215	1.68	3.78	5.47
NTPL (NLC Tamil Nadu)	30	184	1.73	4.12	5.84	335	1.73	4.12	5.84	335	1.71	4.12	5.83
NLC NNTPS	12	77	1.99	2.70	4.69	140	1.99	2.70	4.69	138	2.00	2.70	4.70
Total	112	465	2.58	3.94	6.51	850	2.58	3.94	6.51	848	2.54	3.94	6.49

Excess Power Purchase Considered by DISCOMs	Rs 303 Cr.	Rs 554 Cr.	Rs 550 Cr.
Total- Rs 1407 Cr.			

- PFI's Comment** : PFI requests Hon'ble APERC to not consider the above sources in projecting Power Purchase Quantum of AP DISCOMs for FY 2025-26.

B. LONG-TERM POWER PURCHASE QUANTUM AND COST

B.1 NON- COMPLIANCE OF APERC'S TARIFF ORDER DATED 11/03/2024 contd..

DISCOMs' Response

- AP DISCOMs have filed Appeals before Hon'ble APTEL in matter of non approval of PPA for TPL & NNTPS and are acting as respondents in the appeal filed by NTPC in the matter of NTPC Kudgi & NTECL Valluru before APTEL.
- The matters are placed in the list of finals and is subjudice.

PFI Remarks

- **No Stay Order has been granted by Hon'ble APTEL against APERC Order dtd. 30/10/2023 wherein these 4 Stations were not approved by APERC**
- **Therefore, the said APERC Order is still in force**
- So, the Generating Stations (NTPC Kudgi, NTECL Vallur, NTPL-Tuticorin & NNTPS-Nyveli) should not be considered for projecting Power Purchase requirement for FY 2025-26

B. LONG-TERM POWER PURCHASE QUANTUM AND COST

B.2 TREMENDOUS REDUCTION IN AVAILABILITY OF HYDRO POWER PLANTS

- AP DISCOMs have considered a **tremendous reduction** in Hydro Power Plants, **decreasing from 4076 MU (FY 2024-25) to 3123 MU (FY 2025-26)**. H1 FY 2024-25 actual
- APCPDCL - reduction of around 50%, APEPDCL - reduction of around 8%, APSPDCL - reduction of around 13%
- HEP Cost of generation- **Rs. 2.08/kWh**, APPC for FY 2025-26- **Rs. 4.80/kWh**.
- **PFI Comment** : Being cheaper plants, generation from hydro plants to be considered at same or higher levels for FY 26 vis-à-vis FY 25

DISCOMs' Response : Availability of APGENCO Hydel stations is considered as per their projections which is ten years monthly average generation

PFI Remarks : AP GENCO, AP DISCOMs and AP SLDC to ensure maximum availability & full despatch. APERC to seek **Compliance Report on Quarterly basis**

AP Central DISCOM

Genco Hydel	FY 2024-25		FY 2025-26	
	Allocated Availability (MU)	Required Despatch (MU)	Allocated Availability (MU)	Required Despatch (MU)
Srisaillam RCPH	383	251	187	187
NSRCPH	36	29	24	24
NSTPDC PH	38	18	17	17
Upper Sileru	246	104	99	99
Lower Sileru	503	235	226	226
Donkarayi	31	20	20	20
PABM	0	0	1	1
Minihydel(Chettipet)	1	0	1	1
Machkund AP Share	67	67	71	71
TB Dam AP Share	28	28	23	23
Genco Hydel Total	1334	754	669	669

Excess PPC

Rs 181 Cr.

AP Eastern DISCOM

Genco Hydel	FY 2024-25		FY 2025-26	
	Allocated Availability (MU)	Required Despatch (MU)	Allocated Availability (MU)	Required Despatch (MU)
Srisaillam RCPH	436	436	342	342
NSRCPH	51	51	45	45
NSTPDC PH	32	32	31	31
Upper Sileru	184	184	180	180
Lower Sileru	413	413	412	412
Donkarayi	36	36	36	36
PABM	0	0	2	2
Minihydel(Chettipet)	1	1	1	1
Machkund AP Share	120	120	130	130
TB Dam AP Share	50	50	43	43
Genco Hydel Total	1323	1323	1222	1222

Rs 484 Cr.

AP Southern DISCOM

Genco Hydel	FY 2024-25		FY 2025-26	
	Allocated Availability (MU)	Required Despatch (MU)	Allocated Availability (MU)	Required Despatch (MU)
Srisaillam RCPH	481	465	348	348
NSRCPH	56	54	45	45
NSTPDC PH	35	34	32	32
Upper Sileru	194	193	182	182
Lower Sileru	435	432	413	413
Donkarayi	38	37	36	36
PABM	0	0	2	2
Minihydel(Chettipet)	1	1	1	1
Machkund AP Share	125	125	129	129
TB Dam AP Share	54	53	44	44
Genco Hydel Total	1419	1395	1232	1232

Rs 90 Cr.

B. LONG-TERM POWER PURCHASE QUANTUM AND COST

B.3 MISMATCH IN PLF OF GENERATING STATIONS

- AP DISCOMs have considered lower PLF for cheaper Plants, i.e., HNPCL, APPDCL Stage-II and SEIL P2 (500 MW) and higher PLF for comparatively costly plants i.e., Dr. NTPS and RTPP Stage-II.
- PFI's Comment :** Realistic PLF should be considered by APERC for each generating source preferably with Merit Order principle (through monthly Energy Balance) in projecting its Power Purchase Cost for FY 2025-26 for AP DISCOMs.

AP Eastern DISCOM

Plants	Cap.	APR		ARR		
		FY 2024-25		FY 2025-26		
	MW	MU	PLF	MU	PLF	ECR (Rs/kWh)
HNPCL	1040	2396	70%	2032	58%	3.54
APPDCL Stage-II	800	1836	68%	1818	66%	3.20
SEIL P2	500	1560	86%	1461	78%	2.65
Dr. NTPS	1260	2576	62%	2772	65%	4.26
RTPP Stage-II	420	452	31%	711	45%	4.40

AP Central DISCOM

Plants	Cap.	APR		ARR		
		FY 2024-25		FY 2025-26		
	MW	MU	PLF	MU	PLF	ECR (Rs/kWh)
HNPCL	243	1345	70%	1115	58%	3.54
APPDCL Stage-II	187	1039	68%	999	66%	3.20
SEIL P2	146	884	86%	802	78%	2.65
Dr. NTPS	294	1465	62%	1519	65%	4.26
RTPP Stage-II	98	262	31%	387	45%	4.40

AP Southern DISCOM

Plants	Cap.	APR		ARR		
		FY 2024-25		FY 2025-26		
	MW	MU	PLF	MU	PLF	ECR (Rs/kWh)
HNPCL	421	2513	70%	2005	58%	3.54
APPDCL Stage-II	647	1918	68%	1807	66%	3.20
SEIL P2	202	1629	86%	1461	78%	2.65
Dr. NTPS	510	2688	62%	2740	65%	4.26
RTPP Stage-II	170	465	31%	686	45%	4.40

B. LONG-TERM POWER PURCHASE QUANTUM AND COST

B.3 MISMATCH IN PLF OF GENERATING STATIONS contd..

DISCOMs' Response

- The energy availability from SEIL P2 is considered at 85%. The energy availability of APGENCO, SDSTPS and HNPCL have been considered based on their past 3 years' performances. This is inline with the methodology adopted by the Hon'ble APERC in the current year (FY 2024-25) tariff order. The fixed costs of the stations also have been reduced in proportionate to the reduced availabilities.
- **However, the above power purchase projections are estimates only and actual availabilities will be considered**

PFI Remarks

- Bucket Filling Approach / Merit Order Despatch Principle should be followed strictly. Must run plants followed by Cheaper Plants then the rest Plants upto their Technical Minimum.
- AP GENCO, AP DISCOMs and AP SLDC to ensure and maximum availability & full despatch.
- APERC to seek **Compliance Report on Quarterly basis**

B. LONG-TERM POWER PURCHASE QUANTUM AND COST

B.4 PROCUREMENT FROM SEMBCORP P1- 625 MW

PFI Comments

- AP DISCOMs have considered the following **Power Purchase from SEIL P1 (625 MW)**:

DISCOM	Quantum (MU)	Power Purchase Cost (Rs. Cr.)
APCPDCL	955	415
APEPDCL	1743	757
APSPDCL	1724	750

- APERC has not yet approved PPA of SEIL P1 and has mentioned that the DISCOM shall not be receiving any supply of power without prior intimation to and prior approval.
- PFI Comment** : SEIL P1 may be considered by APERC only after approval of the PPA.

DISCOMs' Response

- The 660 MW PPA has been prepared and signed by both the Parties. It is ready for submitting to Hon'ble APERC for getting approval of the PPA.
- AP TRANSCO is studying the feasibility for efficient evacuation of Power from this Plant.
- After submitting the signed draft PPA to Hon'ble APERC, APERC may conduct Public hearings on the proposals before approving the PPA as per the procedures in vogue.

PFI Remarks

- The PPA is not yet approved by the Hon'ble Commission.
- Hon'ble Commission in Tariff Order dtd. 11/03/2024 categorically mentioned that the DISCOM shall not be receiving any supply of power **without prior intimation to and prior approval of the Commission.**
- It is not prudent to consider the cost of Power from any source without prudent check by the Hon'ble Commission.

B. LONG-TERM POWER PURCHASE QUANTUM AND COST

B.5 PROCUREMENT FROM SEMBCORP-PLANT-II (125 MW THROUGH OPEN ACCESS)

PFI Comments

- APDISCOMs entered into Power Supply Agreement (PSA) with SEIL-II on 31/12/2021 for procurement of 125 MW under OA.
- The DISCOMs have **not considered** any Power Purchase from this plant in FY 2025-26. However, APERC in Tariff Order dtd. 11/03/2024 has considered 223 MU of Power for FY 2024-25 at a weighted average rate of Rs. 5.98/kWh.
- **PFI Comment** : The APERC must consider SEIL II (125 MW under Open Access) as an approved source.

DISCOMs' Response

- In terms clause 18.4 of PSA, SEIL-P2 - 125 MW offtake is based on confirmation from APDISCOMs for each quarter.
- APDISCOMs will avail the energy from 125 MW from SEIL-P2 **based on requirement and rate offered** by the generator with the approval of Hon'ble Commission.

PFI Remarks

- Plants with cost higher than the **SEIL-P2, i.e., Rs 5.98/kWh** have been considered by the DISCOM, like- **RTPP Stage-I 154 MU @ 7.60 Rs/kWh, NTPC Kudgi Stage-I 86 MU @ 10.98 Rs/kWh, Short Term power 171 MU @ 7.55 Rs/kWh**
- APERC in Tariff Order dtd. 11/03/2024 has already approved SEIL-P2 as one of the sources of Power Purchase
- APERC to consider procurement from the above source and avoid equivalent procurement from costlier sources

B. LONG-TERM POWER PURCHASE QUANTUM AND COST

B.6 ALLOCATION FROM GODAVARI GAS POWER PLANT (GGPP) - 216 MW

- The VC (per kWh) considered – 9.96 Rs./kWh is more than the weighted average cost of short term and market purchases price, i.e., Rs 7.50/kWh for FY 2025-26.

FY 2025-26	Capacity	Despatch	Cost (Rs Cr)				Unit Cost (Rs/kWh)		
DISCOM & Station	MW	MU	FC	VC	Others	Total	FC	VC	Total
AP Central DISCOM , GGPP	217	29	4	29	0	33	1.33	9.96	11.29
AP Eastern DISCOM , GGPP	217	54	7	54	0	61	1.33	9.96	11.27
AP Southern DISCOM , GGPP	217	54	7	54	0	61	1.29	9.96	11.25

- PFI Comment :** There is no basis to consider the Power Procurement from GGPP in FY 2025-26 and same should, therefore, be disallowed.

DISCOMs' Response

- Owing to grid demand and load congestion during peak summer of 2024, the plant was operated by gas purchased from IGX in the months of April and May 2024. **Similarly, the permission to procure gas from IGX to operate the units of GGPP for the duration from Jan-Jun 2025 was sought only for severe deficit of power supply or shortage of power in market during peak load hours/ heavy demand of the grid.**

PFI Remarks

- AP SLDC to ensure Merit Order Despatch Principle while scheduling the power from all sources including CSGS and State Sector and IPPs.
- AP DISCOMs to source optimized power for meeting deficit from all methods approved by CERC in Power markets, DAM, TAM, RTM, etc.

C. WORKING CAPITAL REQUIREMENTS FOR AP DISCOMS

- **Audited Accounts FY 2023-24:** AP DISCOMs have paid Rs 3,663 Cr of Interest on Working Capital

Particulars	APCPDCL	APSPDCL	APEPDCL
Working Capital	10,116	16,300	-
Interest on Working Capital	1,259	1,880	524

(Source: Audited Accounts of AP DISCOMs for FY 2023-24)

- APERC determines the loWC as per the applicable Regulatory Provisions (45 days of PP, 60 days of average FPPCA amount of the current year **Minus (-)** amount held as security deposit) and allowed merely Rs. 1.3 Cr loWC in FY 2024-25 for Central DISCOM and NIL for other AP DISCOM.
- **PFI Comment:** PFI requests Hon'ble APERC to consider amending the applicable Regulatory provisions and **allow actual interest on Working Capital** for the DISCOMs.

DISCOMs' Response

The matter is under the purview of Hon'ble APERC.

PFI Remarks

- As noted from objectors' Comments in TO dtd. 11/03/2024, Rs. 22,234 Cr. of outstanding subsidy amount payable by the State Govt. making the AP DISCOMs dependent on huge working capital loans resulting in a burden of interest thereof.
- Section 61 (d) of the Act- **recovery of the cost of electricity in a reasonable manner.**
- Electricity (Second Amendment) Rules, 2023 dtd. 26/07/2023 stipulates that the prudent costs incurred by the distribution licensee.

D. Other Comments on ARR & Tariff Petition for FY 2025-26

D.1 ENERGY STORAGE

PFI Comments

- Resource Adequacy Plan (CEA Report), Storage-Based Capacity Requirements for Andhra Pradesh:
FY 2027-28: ~2,222 MW
FY 2031-32: ~5,140 MW
- Yet, none of the AP DISCOMs have submitted any proposal related to ESS.

DISCOMs' Response

APDISCOMs are in the process of establishing BESS system and identifying the strategic locations.

PFI Remarks

- Hon'ble Commission may take into record the submission of the DISCOMs and may track the status of installation of BESS by AP DISCOMs
- Energy Storage Goals to be specified by Hon'ble APERC in line with MoP Order dtd. 19/09/2022.

D.2 PM SURYA GHAR – MUFT BIJLI YOJNA AND DEMAND SIDE MANAGEMENT

PFI Comments

None of the AP DISCOMs have submitted any proposal related to impact of PM Surya Ghar – Muft Bijli Yojna and Demand Side Management (DSM) initiatives.

DISCOMs' Response

- It is very early to incorporate the impact of PM Surya Ghar in sales forecast.
- In accordance with recent APERC regulation, APEPDCL will formulate a dedicated cell and submit DSM proposal before Hon'ble APERC

PFI Remarks

PFI submits before Hon'ble APERC to consider impact of such schemes in forecasting Sales in future ARRs.

D. Other Comments on ARR & Tariff Petition for FY 2025-26

D.3 Issues pertaining to non-alignment with the MoP Rules

- REVENUE GAP (ELECTRICITY (AMENDMENT) RULES, 2024 DTD. 10/01/2024)**

PFI Comments

In ARR of FY 205-26 there is a **Revenue Gap of Rs. 2,974 Cr., Rs. 4,848 Cr. & Rs. 6,861 Cr. at existing Tariff for APCPDCL, APEPDCL & APSPDCL respectively which is 23%, 21% & 30% of their ARR.**

DISCOMs' Response

- In accordance with the directions of GoAP vide Go.Rt.No.161, dt.15-11-2021, the APEPDCL has proposed full cost tariff with zero gap.

PFI Remarks

PFI submits before Hon'ble APERC to determine cost-reflective Tariff for FY 2025-26 as per the principles stipulated in MoP rules dated 10/01/2024.

- RENEWABLE PURCHASE OBLIGATION**

PFI Comments

AP DISCOMs have considered RE procurement such that it leads to **shortfall of 1,001 MU (CPDCL), 1,932 (SPDCL) and 2,042 (EPDCL) summing to 4,975 MU at State level.**

DISCOMs' Response

- APCPDCL is obliged to comply with the MoP Notification dtd. 20.10.2023.
- APEPDCL & APSPDCL are claiming that the RPO compliance is 22.61% & 26% respectively which complies with the APERC Regulations.

PFI Remarks

- Hon'ble Commission in the Order dtd. 27/06/2024 has specified that RPO targets shall be higher of the APERC Target or MoP Target
- This Order has not been challenged by the AP DISCOMs thus attained finality.**
- RPO Target for FY 2025-26 is 33% as per MoP and not 22% as per APERC.

D. Other Comments on ARR & Tariff Petition for FY 2025-26

D.3 Issues pertaining to non-alignment with the MoP Rules contd..

- **TIME OF DAY (ELECTRICITY (RIGHTS OF CONSUMERS) AMENDMENT RULES, 2023 DTD. 14/06/2023)**

PFI Comments

- Electricity (Rights of Consumers) Amendment Rules, 2023 dtd. 14/06/2023 stipulates that every consumer category except Agriculture should have Time of Day (ToD) Tariff with effect from 01/04/2025 and shall be made effective immediately after installation of Smart Meters, for the consumers with Smart Meters.
- The tariff in Off-peak hours for Industrial consumers is **more than 80% of Normal Tariff**
- DISCOMs have **not proposed any Off-peak Tariff for Commercial consumers**

DISCOMs' Response

Under the purview of Hon'ble APERC

PFI Remarks

PFI requests Hon'ble APERC to formulate ToD tariff for all eligible consumers in line with the MoP Electricity (Rights of Consumers) Amendment Rules, 2023 dtd. 14/06/2023 as amended from time to time.

Hours/Voltage	11 kV	33 kV	132 kV	220 kV
Normal	6.30	5.85	5.40	5.35
Off-peak	5.55	5.10	4.65	4.60
(% wrt Normal)	88%	87%	86%	86%
Peak	7.80	7.35	6.90	6.85
(% wrt Normal)	124%	126%	128%	128%

Power Foundation of India requests Hon'ble APERC to consider our prayers which we have submitted as comments/suggestions related to ARR and Tariff Petitions for FY 2025-26 vide our letter dtd. 28/12/2024

Thank You!