



**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION**  
**MINUTES OF THE 15<sup>th</sup> MEETING OF THE STATE ADVISORY COMMITTEE**  
**HELD ON 02-02-2011 IN THE COMMISSION'S OFFICE**

**Present:**

1. Sri A. Raghothama Rao, Chairman, APERC (Chairman)
2. Sri R. Radha Kishen, Member
3. Sri C.R.Sekhar Reddy, Member
4. Sri Devendra Surana, Member (attended in place of Sri T. Yogaiah Naidu)
5. Sri PMK Gandhi, Member
6. Sri M.Balaram Reddy, Member
7. Sri T.V.S.R. Murthy, Member
8. Sri A. Rama Koteswara Rao, Member
9. Dr. M. Thimma Reddy, Member
10. Sri. R. Janardhan Reddy, Member
11. Sri P.V. Subbaiah Chowdary, Member
12. Sri N. Sreekumar, Member
13. Sri M. Ravindra Sai, Secretary, APERC/SAC
14. Sri. P.V.Subrahmanyam Director (Engineering), APERC
15. Sri K. Sanjeeva Rao Naidu Director/Law, APERC

**INVITEES:**

- 1) Sri Ajay Jain, CMD/APTRANSCO
- 2) Sri P.Gopala Reddy, CMD/APSPDCL
- 3) Sri Ch. Narasimha Reddy, CMD/APNPDCL
- 4) Sri Nadeem Ahmed, CMD/APEPDCL
- 5) Sri M.T. Krishna Babu CMD/APCPDCL

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The Secretary, APERC (Ex-Officio Secretary of the State Advisory Committee) welcomed the members and briefly recapitulated the important decisions taken at the last SAC meeting and the developments since then in APERC.

2. In the earlier meeting, the issues discussed were-

- (a) Conservative Agricultural Estimates and measures that can be taken up for arriving at the accurate Agricultural Consumption Estimates
- (b) Costly Power Purchases by the DISCOMs
- (c) Separation of Industrial Feeders from the Agricultural Feeders to ensure uninterrupted power supply to the rural Industrial Consumers
- (d) Signing of PPAs with APGENCO plants-Fixed and Variable costs of the APGENCO power plants
- (e) Availing power from the Merchant Power Plants coming up in AP and issues connected with Merchant Power Policy
- (f) Issues connected with the power purchases from the Power Exchanges
- (g) Issues connected with the Cross Subsidy Surcharge
- (h) Delayed ARR/Tariff filings for FY2010-11 by DISCOMs and Tariff related issues in connection with these filings
- (i) Safety related issues, particularly in villages; attending to the O&M works and Breakdowns in villages and formation of CBD gangs in rural areas
- (j) Monitoring of the works taken up by the DISCOMs under the various Central Govt projects like RGGVY
- (k) Issues pertaining to the Railways
- (l) Problems relating to the Staffing in DISCOMs

**3. Subsequent to the earlier SAC meeting, held on 09.07.2010, some of the important events that have taken place in the APERC are: -**

- (i) Issue of Retail Supply Tariff Order for the FY 2010-11
- (ii) Issue of Orders in respect of
  - (a) Review Petition on reconsideration of certain issues in DISCOMs-MYT order for FY2009-14
  - (b) Issue of 'Draft Grid Code' Regulation, seeking comments
  - (c) Issue of IA Orders in the cases of NCE Generators
- (iii) The process for passing of ARR AND TARIFF orders for the retail supply business of the DISCOMs for the year 2011-2012 commenced. The DISCOMS have filed their ARR proposals on 07/01/2011

.These copies were sent to the members of SAC. Paper Advertisements in 2 Telugu & 2 English Newspapers calling for the Objections/Suggestions from general public were also issued by DISCOMs on 12-01-2011, with the 'last date for receipt of objections' being Dt: 14.02.2011. The commission has also approved the 'Schedule of Public Hearings' on these filings as follows:- at Nalgonda on 23-02-11 in respect of APCPDCL, at Kadapa on 26-02-11 in respect of APSPDCL, at Nizamabad on 01-03-11 in respect of APNPDCL & at Srikakulam on 04-03-11 in respect of APEPDCL.

SUMMARY OF THE PROPOSALS MADE BY THE 4 DISCOMS

(1) A total revenue deficit of Rs 6454.39 Cr was shown by the 4 DISCOMs together as detailed below:-

Item	CPDCL	SPDCL	EPDCL	NPDCL	Total
	(Rs.Cr.)				
ARR - Revenue Requirement (Cr)	12246.00	6662.74	4807.84	4571.19	28287.77
Revenue (Cr)	10169.93	5206.85	4013.82	2442.76	21833.36
Deficit (Cr)	2076.07	1455.87	794.02	2128.43	6454.39

(2) The DISCOMS have proposed certain tariff hikes & incentives. The above deficit of 6454.39 Cr is after considering these hikes & incentives. The DISCOMs expect these hikes & incentives yield approximately Rs500 Cr.

The DISCOM WISE estimated revenue yields are:-

CPDCL \_\_\_\_\_ Rs 263.10 Cr

EPDCL \_\_\_\_\_ Rs 86.70 Cr

NPDCL \_\_\_\_\_ Rs 31.18 Cr

SPDCL \_\_\_\_\_ Rs 115.55 Cr

TOTAL: 496.53 Cr

A Brief Summary of the tariff proposals by the DISCOMs is \_\_

(i) Time of Season based Tariff Hikes are proposed for Commercial, Industrial & Railways Categories

- (ii) A New Category of 'Publicity Hoardings' is proposed with a new tariff
- (iii) 25p per unit is proposed as 'FSA Advance'
- (iv) Incentives for Time of Day Tariff
- (v) Cross Subsidy Surcharge for 2011-12

4. **The 15<sup>th</sup> SAC Meeting then took up for discussion the various issues as per the agenda, Views and Suggestions of SAC members on the ARR AND Tariff Proposals submitted by the DISCOMS for FY 2011-12**

5. To begin with, Hon'ble Chairman APERC extended a hearty welcome to the gathering and invited the views and concerns of members on the issues in the power sector apart from the main item of the agenda, views of the Members of SAC and discussion on ARR proposals of the DISCOMs.

6. While initiating the discussion on the ARR/Tariff proposals of the DISCOMs for FY 2011-12, **Sri Devendra Surana** of FAPCCI explained about the present position of power supply to industries. He welcomed the initiative of the DISCOMs' proposal, 'Time of Season Tariffs', in order to keep the Load Sheddings away during the peak months. He said that all the Industrial Consumers are expressing the concern that when there is extra cost in the form of additional charges during peak seasons, there should be incentives / discounts on energy charges during the lean months to offset the additional financial burden to the minimal as power at lesser costs is available from the market sources during the lean months. He also said that if 'Time of Season tariff' is imposed, there shall be un-interrupted power supply to the consumers who are going to bear this extra cost for power. For a query raised by the Hon'ble Chairman, Sri Surana said that a discount of at least Rs0.35/kwh may be given for the rest of the months in the year and the Time of Season Tariff scheme shall be in such a way that it leads to at least 80% cost neutral to the affected consumers. Sri Surana expressed that the quality of power being supplied to the industries is very poor, having a lot of interruptions and the system of payment of compensations to the

concerned consumers for failure to comply with the standards of performance, as envisaged in the SoP's Regulation, shall be enforced. He suggested that, compensation at a minimum level like 0.1% to 0.2% of the monthly bill amount may be introduced to start with.

7. Joining the discussion on the proposal of the DISCOMs on the Time of Season Tariffs, **Sri PMK Gandhi** opined that the proposal of the DISCOMs is very good. He said that Tariff needs to be reduced in the remaining months. Cross subsidy component is to be taken care while determining the tariffs, he said. He added that AP state has put in a lot of good efforts improving the quality of power, laying dedicated feeders to industries wherever possible. He suggested that Committees may be constituted at the DISCOM level with consumer groups for monitoring the quality of power and for improving the power supply standards
8. Extending the discussion on the Time of Season Tariffs, **Hon'ble Member/Fin** sought for a clarification that whether the entire costly power purchased during the peak season would be met by the consumer categories to which these tariffs are proposed. **Hon'ble Member/Fin** opined that there is no guarantee that the categories to which these tariffs are proposed to be applicable would get the priority treatment in terms of uninterrupted power supply in the peak months since during the peak seasons the priorities of power supply may get deviated due to the other important sectors like Domestic / Agriculture, to which no tariff hike is proposed. Responding to this, **Sri PMK Gandhi** remarked that to address this problem APDISCOMs should plan in advance such that the entire costly power purchased during the Peak Seasons is supplied to the intended consumers without any interruptions
9. **CMD/CPDCL** informed about the priorities of power supply in the state during peak season months. Lighting Load to Domestic sector to be maintained during Evening 6:00 PM to Morning 6:00AM, Agriculture Sector is to be given power supply for 7 hour/day and the Drinking water schemes are to be supplied power for at least 3 to 4 hours during day

time. He clarified that taking these priorities into account there could be at least 30% to 40% Load shedding for the Industrial services and hence, the DISCOMs are trying to avoid load shedding to the Industry to the extent of expected 30%- 40% by purchasing costly power from the market during this period of peak months. CMD/CPDCL has further mentioned that they would forego Cross Subsidy Surcharge (CSS) if the consumers intend to procure power through open access to the extent of Load restrictions levied on them during peak months. He informed the SAC that the decision of procuring costly power to meet the requirements of the Industrial Consumers during the peak season has been taken after holding the meetings with the Industrial Consumers and if the DISCOMs do not plan to procure additional power in peak season, there could be Transmission corridor problems, not allowing the power to reach the destination even if the sources are identified.

10. Then, **Hon'ble Chairman** enquired whether the ToS model is substitute to the peak power purchase model for Industries, in line with the Tamilnadu model, discussed earlier
11. Responding to the query of the Chairman, the **CMD/APTRANSCO** informed that apart from the Industrial services, ToS model is applicable to Commercial and Railway Traction services. About 1000MW of power is going to be procured for supplying to the consumers covered in the scheme, he said. He further stated that due to the implementation of ToD (Time of Day Tariffs) from the current financial year they could observe a better load management by the Industrial Consumers and there is a shift in the load from peak time to off peak time of the day and hence the APTRANSCO/DISCOMs are expecting the same thing to happen in the case of ToS too.
12. Concluding the exhaustive discussion on the ToS tariffs, **Hon'ble Chairman** said that the Commission made a note of the discussion on this issue and hence the SAC may discuss the remaining important issues.

However, **Sri PMK Gandhi** remarked that the proposed ToD incentives during 12:00PM to 04:00AM may be withdrawn as that time slot is exclusive for Agriculture Loads and the power supply to the Agl sector during this time slot may hamper the same if the incentives are issued to the Industrial Services

13. **Hon'ble Chairman** advised to study applicability of the Time of Season (ToS) tariff for entire consumption of the Industrial/Commercial consumers or to certain portion of the consumption, which gets affected due to Load shedding and it is to be studied whether the proposed higher rate is for that portion of the Load which is shed or proposed to be shed or for entire quantum of power consumed during that period. He observed that the justifiability of any proposed higher levy on only a certain sections of consumers during such periods should be examined

14. Initiating the discussion on the PPAs of APGENCO, **Dr M Thimma Reddy** stated that the PPAs with APGENCO projects are to be given consent immediately. He brought to the notice of the SAC that the fixed Cost of RTPP-Stage-III plant, @ Rs2.71/kwh, appears to be very high and he further stated that even before PPA consent is given, APGENCO plants have started generating power. Also, he brought to the notice of SAC that the APSPDCL has been collecting consumption charges from the consumers of Private Lift Irrigation schemes, even though Tariff order specifies this tariff as ZERO for HT IV B.

15. **CMD/CPDCL**, responding to the remarks of Dr M Thimma Reddy, clarified that in respect of HT IV B services, free supply is extended for 7 hours/day only. If certain societies are getting supply beyond 7 hours, charges are being levied for proportionate consumption beyond 7 hours. If consumers are not paying the extra amount towards consumption beyond 7 hours, power supply would be restricted to 7 hours only. Further, CMD/SPDCL clarified that in case of societies, advance charges are being collected, if they agree to pay for beyond 7 hour power supply.

Hon'ble Chairman mentioned that a recent order in this matter issued by Ombudsman is to be adhered to by the DISCOMs.

16. Extending a further discussion on the ARR/tariff proposals of the DISCOMs, **Sri Sreekumar** of PRAYAS group welcomed the proposal of DISCOMs to reduce the minimum charges of Domestic consumers who have connected load more than 250W to a level equivalent to the consumers with below 250W i.e. from Rs 50/month to Rs 25/month. He suggested that the proposed tariff for advertisement hoardings is rather low and should be equivalent to Solar Tariff. Agriculture consumption estimate based on ISI methodology is to be adopted, he suggested. He observed that some enthusiasm is shown by DISCOMs in Agriculture feeder separation/ 24 hour rural supply, taken up by DISCOMs on pilot basis. He suggested linking of AT&C loss levels to Load shedding hours method, as is being done in other utilities. He remarked that there shall be a better predictability and transparency in the activities of DISCOMs in respect of Load shedding. He suggested that the RGGVY scheme, which envisages 100% Household electrification, is to be reviewed at Regulatory level. Also, he commented that the Quality of SoP reports submitted by the DISCOMs is poor and as such there is no trend analysis in the reports. On SoP reports, he suggested that sample surveys shall be conducted by the third parties to ascertain whether there is 99% - 100% compliance as being reported by the DISCOMs; If there is 99 to 100% compliance is there in reality why not the bench marks be tightened and set example, he remarked. He expressed his concern on the replacement of failed DTRs in rural areas, bringing to the notice of SAC that replacement of failed DTRs is taking more than 5 days in some villages.

17. Joining the discussion on the SoP reports submitted by the DISCOMs, **Sri PV Subbaiah Chowdary** stated that 100% compliance shown against every parameter is not practically possible and complaints resolved in beyond resolving time (BRT) are not reported. He advised the Commission to review the power supply position to Agriculture



consumers as there are a lot of problems during Kharif season and in the Rabi season too power supply quality is to be improved. He suggested that the DISCOMs shall chalk out a 'plan of action' for power supply for Rabi crops.

18. Responding to the issues raised by Sri Sreekumar & Sri Subbaiah Chowdary, **CMD/CPDCL** accepted that there are some issues regarding failed Transformers replacements, transportation of failed DTRs from the fields to the repair sheds and transportation of healthy DTRs to the fields and erection. Dedicated Vehicles have been provided at Sub Division level and the problems are being tackled, he informed.

19. **Sri M Balarami Reddy** explained about the problems being faced by the farmers/rural consumers at the field level. He stated that frequent problems are arising in the field due to poor maintenance of AB switches, old and saggy conductor etc. He suggested that compensation amounts to the victims of electrical accidents are to be enhanced; enough stocks of DTRs are to be maintained at Substations; unauthorized connections of persons, who have paid the requisite charges, have to be regularized by laying standard lines as all such services are connected through sub standard equipment. He suggested that Mobile breakdown gangs are to be setup in rural areas, on par with urban areas. He intimated to the SAC that Night time power supply to Agriculture is causing lot of problems and suggested that if possible, supply timings are to be changed. Further, he suggested that the Electricity Helpline Numbers are to be given a wider publicity and the low voltage problems in the agriculture sector are to be solved by providing additional DTRs.

20. **The Ombudsman (Director/Law)** brought to the notice of the CMDs of DISCOMs that the DISCOMs are not implementing the orders of the CGRFs; thereby many consumers are approaching the Ombudsman. He suggested that orders of the CGRFs and the Ombudsman are implemented by DISCOMs immediately.

21. Responding to the remarks of the Ombudsman, the **Hon'ble Chairman** instructed all the DISCOMs to make a note of the suggestions made by the Ombudsman.
22. Then, as part of the Agenda, **CMD/CPDCL** has made a presentation on the compliance with the SoPs fixed by CPDCL. He enumerated different initiatives taken up by the DISCOM for improving the quality of power supply. He explained that substations are being constructed based on the need and Load mapping is being carried out. Further, he mentioned that-matching EHT substations are also important to improve the system; refurbishment of existing network is also taken up; all 33kV networks in the city would be made underground in a phased manner; feeder classification is done on certain parameters and all the lower class feeders are given special treatment and refurbishments are planned; regular meetings with Industry representatives are being done; as part of R-APDRP round the clock call centers, catering to the needs of entire DISCOM, are is being setup; tracking of complaint redressal is also taken up; SCADA I GHMC area is planned;
23. **CMD/CPDCL** explained that Sectionalizes and Auto reclosures are being erected as part of system automation on different feeders; prior intimation of system maintenance works would be given to consumers in the GHMC area on their mobile phones; 11kV bare conductor line is replaced with AB cable wherever feasible; substation committee meetings are proposed from Feb 14th for one week to discuss several issues concerning power supply and taking remedial measures.
24. After the completion of the presentation by the **CMD/CPDCL**, **Hon'ble Chairman** remarked that there are mainly three problems in the filed that need to be tackled; (i) replacement of failed DTRs (ii) proper power supply timings (iii) Accidents. He suggested that Institutions, such as Water User Associations (WUA) present in Irrigation department, may

also be thought of to be set up in Power Sector at DTR level or Feeder level. Improvement in the gross root level is important and the consumers may be made party to the initiatives of the DISCOMs in rendering better quality power supply, he suggested to the DISCOMs.

25. Responding to the suggestions of the Hon'ble Chairman, **Sri PV Subbaiah Chowdary** said that advisory committees at Substation level as per the instructions of the Government may be set up with all stake holders. These committees have to meet periodically to discuss the problems at the filed level, he added

26. As regards these issues **Hon'ble Chairman** suggested to the CMDs of DISCOMs to institute such arrangements as per the Govt of AP's instructions so that the issues would get discussed. **Sri M Balarami Reddy** requested that the Rythu Sangham village level leaders may be made members in the Substation committees

27. Finally, **Hon'ble Chairman** thanked all participants attended the meeting and appreciated the discussions taken place.

28. The meeting ended with the vote of thanks by the **Secretary**

**SECRETARY**