



ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

#11-4-660, 4th & 5th Floors, Singareni Bhavan, Red Hills, Hyderabad 500 004
Phone Nos. (040)23397625/381/399 Fax No. (040)23397378/489 website www.aperc.gov.in

Minutes of the 19th meeting of State Advisory Committee (SAC) held on 1st March, 2013 in the Conference Hall of APERC

Present:

1. Sri A.Raghotham Rao, Chairman [APERC]
2. Sri C.R.Sekhar Reddy, Member [APERC]
3. Sri R.Ashoka Chari, Member [APERC]
4. Sri Devendra Surana, Member [FAPCCI]
5. Sri Tayi Krishna Rao, Member [Institute of Engineers]
6. Sri Hari Kishore Kumar Reddy, Member [Bharathiya Kisan Sangh]
7. Sri Gade Diwakar, Member [All India Kisan Mazdoor Sangh]
8. Sri R.Janardhana Reddy, Member [APEEU: 1104]
9. Sri T.V.S.R.Murthy, Member [APSEEU: 327]
10. Sri V.S.Prasada Sastry, Member [Jana Vignana Vedika]
11. Smt. Rajam Geneshan, Member [Consumer's Guidance Center]
12. Sri N.Sreekumar, Member [Prayas Energy Group]
13. Sri Patodia, Member [CII]
14. Sri V.Ananda Reddy, Member [FAPSIA]
15. Sri S.K.Agarwal, Member [South Central Railways]
16. Sri M.D.Manohar Raju, Secretary [APERC]
17. Sri L.Manohar Reddy [Director (Tariff)/APERC]
18. Sri K.Sanjeeva Rao Naidu [Director (Law)/APERC]

Invitees:

- 1) Sri Hiralal Samariya, CMD/APTRANSCO
- 2) Sri V.Anil Kumar, CMD/APCPDCL
- 3) Sri Ahmed Nadeem, CMD/APEPDCL
- 4) Sri Kartikeya Misra, CMD/APNPDCL
- 5) Sri S.Vishwanatham, Director(Operation)/APSPDCL

1) Secretary welcomed the Members and Invitees to the 19th SAC meeting and summarized the important developments that had taken place since the last SAC meeting.

2) Chairman observed that we are in the midst of a severe power crisis in the state. AP is suffering from a double whammy i.e., Generation is falling short of the demand thereby necessitating the imposing of R&C measures on HT consumers and load shedding for LT consumers. Also cost of power procurement is increasing by leaps & bounds. This meeting is aimed at eliciting views of various stakeholders in

the power sector with regard to ARR & Proposed tariff filings made by the Discoms before the Commission, for tariff year 2013-14.

- 3) **CMD/APTRANCO** who is also the Chairman, APPCC informed the Committee that the power supply situation in the state was going from bad to worse. Presently there is a daily gap of about 75 MU. Daily grid consumption on 28-02-2013 touched a high of 311 MU. The gap between daily average demand and supply is expected to touch 100 MU in this peak season. Power generation from RLNG and Naphtha is becoming very costly and financially unviable. In 2009, daily average supply from Gas stations used to be of the order of 55 MU, whereas it has come down drastically these days to a level of 10 MU/day. He requested the Commission to permit to release additional loads to the consumers who have already made significant capital investments and paid all relevant charges to the Discoms and are ready to avail power supply. Chairman/APPCC also requested the Commission to permit the Discoms to collect certain portion of FSA on adhoc basis on monthly bills subject to the true up by the Commission. Issue the orders on Second quarter 2012-13 FSA.
- 4) **Member/Technical** observed that Discoms have not able to give full details that are required for thorough scrutiny of the FSA proposals, of the second quarter of 2012-13. Without the required details, it is not possible to finalise the FSA order. He suggested that, data to be submitted immediately to enable the Commission to issue the order immediately.
- 5) **Chairman** observed that, FSA is to be issued in strict compliance to the regulation in vogue and the existing regulation doesn't provide for levy of ad-hoc FSA. Unless new regulation is framed and notified by the Commission duly following the procedures, the request of the Discoms, for ad-hoc FSA, can not be entertained.
- 6) **Sri Surana/FAPCCI** gave a brief presentation on "*Unreasonable increase in Tariffs to Industry over past three years*". Mr.Surana has pointed out that, on one hand Industry is extended less power supply and on the other hand forced to bear more cost/tariff which is not reasonable. There is no case for increase in tariffs to the Industry which is already bearing the lot of cross subsidy burden by more than 40%-50% of COS. He further requested that incentives for TOD usage during Night Hours be given.

7) **Sri Hari Kishore Kumar Reddy** stated that, it is not reasonable to levy FSA burden pertaining to Agriculture Consumers on Non-Agriculture Consumers including Industries. Since State Government is bearing the cost of free power to Agriculture sector, it should bear the FSA burden also. He further requested that, Telescopic Billing is to be retained in Domestic, Advertisement Hoardings be implemented 100% Load Restriction, Load restriction in the proposed new category for Agriculture allied Industries be kept at 10 HP and Capacitor installation at Agriculture pump-sets be taken up. He suggested that pump-set manufacturers should be instructed to sell only ISI rated pump-sets. For Private Lift Irrigation schemes, free supply beyond 7 hours/day is to be allowed for at least one crop, day time power supply between 11:30 to 15:30 be extended to rural areas at least in the summer months.

8) **Sri Anand Reddy /FAPSIA** stated that individual consumers were not given enough communication/know-how with regard to implementation of R&C measures and levy of penalties. He further contended that even Discom officials working at Division/Sub-Division level were not aware of the methodology of billing in R&C order and it was causing lot of inconvenience to the consumers. He stated that due to ignorance, consumers were levied hefty penalties in the early billing months of R&C period.

9) **Chairman** pointed out that the R&C order issued by this Commission is one of its kind. He stated that this innovative R&C order had been issued, in exercise of powers under section 23 of the Electricity Act -2003, and that the Discoms and Industries should strive to sort out any teething troubles by properly implementing the order and good corporate communication methods.

10) **Sri Sreekumar/Prayas**, pointed out that unlike in other states, in AP, Power Purchase cost is very high, whereas the O&M cost is less and competitive when compared to advanced utilities. He suggested the following to reduce the power purchase cost.

- i) PPAs with APGENCO to be consented/resolved.
- ii) Short Term purchases undertaken by the Discoms to be monitored regularly.
- iii) Close review of the costs of imported coal and Domestic coal to be taken up.
- iv) Roof top PVs to be encouraged by way of good incentives and net metering practices.

- v) Agriculture power supply to be monitored and daily 11 kV Feeder inputs to be uploaded onto Discom websites.
- 11) **Sri Gade Diwakar** stated that statutory validity of APPCC is to be checked and its Chairman cannot speak on behalf of the Discoms. He requested that telescopic system is to be retained in Domestic and number of slabs in the billing system to be reduced. He suggested that FSA to be levied on all categories of consumers and in respect of Agriculture, Government should bear such cost. Sri Diwakar demanded that a reasonable ex-gratia is to be sanctioned by the Discoms to accident victims, in place of present practice of giving Compensation. He suggested that power procurement through RLNG in ARR filings for FY 2013-14 is to be disallowed and costly RLNG power may be included into Expensive Power Supply Scheme (EPSS) and BPL category with a monthly consumption of 30 units be included in Domestic tariff schedule.
- 12) **Smt. Rajam Ganesan** pointed out that the Tariff proposals made by Discoms are not at all consumer friendly and proposal of non-telescopic billing should not be accepted. She further pointed out that e-seva centers are charging high service charges for collecting electricity bills. She requested that the Consumer representatives in the CGRFs of Discoms be nominated by the Commission at the earliest.
- 13) **Chairman** stated that NPDCL & CPDCL have to reach the efficiency levels attained by APEPDCL in terms of Distribution losses, Consumer service and enforcement issues. Even if we make certain allowance to factors such as Load Mix, Geographical disposition of customers etc, a lot needs to be done by APNPDCL & APCPDCL. He exhorted that all Discoms should reach a reasonable benchmark level in this regard in a time bound manner.
- 14) **Sri S.K. Agarwal, SC railway**, pointed out that proposed tariff increase to Railways is very steep and is more than 49% of the Average COS projected by the Discoms. Railways are taking up lot of energy conservation measures and is affordable means of transportation to the general public. Cost of Service presented by Discoms is having lot of anomalies. He suggested that these points need to be considered by the Commission while fixing the tariffs.
- 15) **CMD/APEPDCL**, requested that Commission may give directions to Industry to take up steps to conserve energy on similar lines with Government Organizations, wherein the GoAP has set up a Mission for monitoring energy

conservations activities in Government sector, increasing awareness among the common public etc.

16) **CMD/APCPDCL**, informed that they have devised an incentive scheme, wherein the domestic consumers who demonstrate effective energy conservation, will be facilitated and be given certain discount in the monthly electricity bills.

17) **Member/Finance** stated that the criteria for selection of a particular domestic consumer, for such incentive scheme is difficult and care should be taken for suitable criteria.

18) **Chairman and Members of SAC** welcomed the initiative of the CMD, APCPDCL. Chairman stated that broad section of people have to be involved in the scheme and consumer know how about energy conservation is to be improved. Chairman directed the other Discoms to follow the initiative taken by APCPDCL.

19) **Sri Surana/FAPCCI**, requested that proposed amendment to IBSC Regulation be issued at the earliest so as to enable the Solar Generators to install their plants quickly. Since CPDCL has less generation sources in its service area, the proposed solar plants in its area would come very handy to the Discom in terms of reduction of losses. Sri Surana reiterated his request to allow sanction of additional loads during the R&C period and if it is not possible, requested to allow hassle free Open Access to the consumers who apply for additional load requirements, without any requirement to enhance the CMD with the Discoms.

20) **Representatives from No.1104 & No.327 Electricity Employees' Unions**, welcomed the tariff hike proposals of the Discoms. They further pointed out that contract employees are increasing in the Discoms at lower level and they are entrusted with important tasks of Revenue collections and Metering & Billing. The ratio of staff per 1000 units of energy sold is lowest in the country. Regular staff are to be recruited to enhance the service levels of the Discoms.

21) **Secretary** concluded the meeting by saying all points, views expressed by the members in this meeting would be taken into consideration by the Commission, while finalizing the Retail Tariffs for FY 2013-14, to be issued vide the Tariff Order, and thanked all members for their active participation.


20/3/13

SECRETARY
A.P. Electricity Regulatory Commission
Hyderabad,