

BEFORE THE HONOURABLE ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

AT ITS OFFICE AT 4th FLOOR, SINGARENI BHAVAN, RED HILLS, HYDERABAD 500 004

FILING NO. _____/2016

CASE NO. _____/2016

In the matter of:

Filing of the ARR application in respect of Retail Supply Business for the FY 2017-18 under multi-year tariff principles in accordance with the “Andhra Pradesh Electricity Regulatory Commission (Terms And Conditions For Determination Of Tariff For Wheeling And Retail Sale Of Electricity) Regulation, 2005 and First Amendment Regulation, 2014” by the Eastern Power Distribution Company of Andhra Pradesh Limited (‘APEPDCL’ or ‘the Company’ or ‘the Licensee’) as the Distribution and Retail Supply Licensee.

In the matter of:

EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

... Applicant

AFFIDAVIT OF APPLICANT VERIFYING THE APPLICATION ACCOMPANYING FILING AS PER TERMS AND CONDITIONS OF TARIFF FOR WHEELING AND RETAIL SALE OF ELECTRICITY

I, Sri P.Nageswara Rao, son of Sri P.Sriramulu aged about 52 Years, working for gain at the Eastern Power Distribution Company of Andhra Pradesh Limited do solemnly affirm and say as follows:

1. I am the Chief General Manager/ Planning, PPA & RA of APEPDCL, the Licensee that has, vide the Honourable Commission’s approval in proceedings no. APERC/Secy/Engg/No.6 dt.31.3.2000, been granted the distribution and retail supply functions that APTransco was authorised to conduct or carry out under the Act and the license, with respect to the business of distribution and retail supply of electricity in the Eastern distribution zone in Andhra Pradesh. On December 27, 2000, the Honourable Commission has awarded a Distribution and Retail Supply License to APEPDCL, to be effective from April 1, 2001. I am competent and duly authorised by APEPDCL to affirm, swear, execute and file this affidavit in the present proceedings.

2. As such, I submit that I have been duly authorised by the Board of Directors of APEPDCL to submit the application, as per Terms and Conditions of Tariff for Wheeling and Retail Sale of Electricity (Regulation 4 of 2005) and First Amendment (Regulation 1 of 2014) of APEPDCL for the FY 2017-18 to the Honourable Commission.
3. I submit that I have read and understood the contents of the appended application of APEPDCL. The facts stated in the application are true to the best of my knowledge, which are derived from the official records made available and certain facts stated are based on information and advice which, I believe to be true and correct.
4. I submit that for the reasons, and facts stated in the appended application this Applicant prays that the Honourable Commission may please
 - (a) Take the accompanying ARR application of APEPDCL on record and treat it as complete with the tariff proposals being submitted at a later date.
 - (b) Grant suitable opportunity to APEPDCL within a reasonable time frame to file additional material information that may be subsequently available;
 - (c) Consider and approve APEPDCL's ARR application including all requested regulatory treatments in the filing;
 - (d) Pass such order as the Honourable Commission may deem fit and proper in the facts and circumstances of the case.

DEPONENT

VERIFICATION:

I, the above named Deponent solemnly affirm at Visakhapatnam on this day of..... that the contents of the above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

DEPONENT

Solemnly affirmed and signed before me.

BEFORE THE HONOURABLE ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

AT ITS OFFICE AT 4th Floor, Singareni Bhavan, Red Hills, Hyderabad - 500 004

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In the matter of:

Filing of the ARR applications for the Retail Supply Business for the year FY 2017-18 under Multi-Year Tariff principles in accordance with the “Andhra Pradesh Electricity Regulatory Commission (Terms And Conditions For Determination Of Tariff For Wheeling And Retail Sale Of Electricity) Regulation, 2005 and First Amendment Regulation, 2014” by the Eastern Power Distribution Company of Andhra Pradesh Limited (‘APEPDCL’ or ‘the Company’ or ‘the Licensee’) as the Distribution and Retail Supply Licensee.

In the matter of:

EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

... Applicant

The Applicant respectfully submits as under:

1. This filing is made by the **EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED (APEPDCL)** under Section 61 of the Electricity Act 2003 for determination of the Aggregate Revenue Requirement (ARR) for the Retail Supply Business for the year FY 2017-18.
2. The licensee has adopted the following methodology to arrive at the ARR for retail supply business.
 - **Distribution Cost:** The licensee has adopted the distribution cost for FY 2016-17 & 2017-18 as approved in the Wheeling Tariff Order (Distribution Business Tariff Order) for 3rd MYT control period (FY 2014-15 to 2018-19). With the grants received by the Licensee under IPDS and DDUGJY schemes, the licensee has undertaken network strengthening and augmentation exercise. Hence, the licensee expects that the capital expenditure to the tune of APERC Approved values as per Distribution MYT 2014-19 will not be required accordingly the licensee has considered savings

of around Rs. 42 Crs. in Distribution Cost by control of capital expenditure below the approved values for FY 2017-18.

- **Transmission Cost:** The licensee has considered the Transmission cost for FY 2016-17 as approved in the Tariff Order FY 2016-17 & for FY 2017-18 as approved in the Transmission Tariff Order for 3rd MYT control period (FY 2014-15 to 2018-19) and has projected transmission cost as a proportion of contracted demand of Licensee from the combined state for FY 2017-18. The licensee with the inputs from APTRANSCO expects that the capital expenditure to the tune of APERC Approved values as per Transmission MYT 2014-19 will not be required. Moreover, APTRANSCO is also contemplating swapping of the current high interest loans with low cost loans. Accordingly the licensee has considered savings of around Rs. 29 Crs. in the Transmission costs for FY 2017-18.
- **SLDC Cost:** The SLDC Charges have been adopted as per Tariff orders of AP Transco dated 9th May 2014. Licensee has projected SLDC cost as a proportion of contracted demand of Licensee from the combined state for FY 2016-17 and FY 2017-18.
- **PGCIL and ULDC Costs:** The licensee has considered PGCIL and ULDC Charges as approved by the Honourable Commission for the year FY 2016-17 and based on the approved values of FY 2016-17, the licensee has projected the PGCIL & ULDC charges for FY 2017-18.
- **Distribution losses:** The licensee has considered losses for H2 FY 2016-17 as per APERC approved values and 10% reduction is considered for FY 2017-18. The following table provides the voltage level losses considered by the APEPDCL for projecting the energy requirement for H2 FY 2016-17 and FY 2017-18 :

Voltage Level	H2 FY 2016-17	FY 2017-18
33 kV	3.22%	2.90%
11 kV	3.80%	3.42%
LT	4.74%	4.27%

- **Transmission losses:** The Licensee has considered the losses as per approved losses in the Tariff Order FY 2016-17 for FY 2016-17 and the licensee has considered the actuals of H1 FY 16-17 for FY 2017-18.
- **PGCIL Losses:** The Licensee has considered the external (PGCIL) losses as approved by the Honourable Commission in FY16-17 for FY 2016-17 and FY 2017-18.

3. **Filing of Retail Supply ARR for FY 17-18**

As per Regulation No. 4 of 2005, the licensee is required to file the Aggregate Revenue Requirement (ARR) for Retail Supply Business and Tariff proposal for the entire control period i.e., for the period from FY 2014-15 to FY 2018-19. However, the licensee requested the Honourable Commission to allow for submission of the ARR and Tariff filing for Retail Supply Business for FY 2017-18 on yearly basis.

The Honourable Commission has been kind enough in granting permission to submit the ARR & Proposed Tariff filings in respect of the Retail Supply Business for FY 2017-18 instead of total control period of FY 2014-15 to FY 2018-19 vide APERC proceeding number T-56/2016 Dated:29-11-2016.

4. **Filing of Tariff Proposals, Cross Subsidy Surcharge and Additional Surcharge for FY 17-18**

Ministry of Power has constituted a committee for simplification of tariff structure / reduction of tariff categories of consumers.

The committee, on the outset, has suggested that the tariff schedule may comprise of the following major categories:

- a) Domestic: To cater to residential consumers (possibly net revenue neutral category)
- b) Non-Domestic: To cater to the existing commercial and industrial category of consumers (net subsidizing category)
- c) Agriculture: To cater to the existing agriculture consumers (net subsidized by other categories or through direct State Govt. subsidies)
- d) Institutions: To cater to other institutions such as Public water Works, Street Lighting, Hospitals etc. (net revenue neutral category)

In these lines, Honourable APERC Commission invited comments / suggestions / views of all stakeholders on the proposal of Ministry of Power, Government of India, New Delhi, for simplification of tariff structure / reduction of tariff categories of consumers.

Hence, the licensees have started evaluating various options for simplification of Tariff Structure and assessing the revenue impact for each category/ consumer. The licensee is contemplating to incorporate some of these tariff options as part of the tariff proposals for FY 2017-18. Hence, the

licensee humbly requests the Honourable Commission to grant additional time to file tariff proposal and revenue at proposed tariffs. Since, Cross subsidy surcharge, additional surcharge depends on proposed categories and tariffs, Licensee requests Honourable Commission to permit to file the same along with the tariff proposals.

Hence, the licensee prays to the Honourable Commission to grant suitable opportunity to file Tariff Proposals and Revenue at Proposed Tariffs, Cross Subsidy Surcharge and Additional Surcharge within reasonable time frame.

5. True-up for FY 2015-16 and Provisional True-up for FY 2016-17

As per Regulation 1 of 2014, Licensee is entitled to claim true-up for Retail supply business on an annual basis - subject to deviations related to power purchase cost and interest cost for previous years. However, under UDAY Scheme Government of Andhra Pradesh has taken over short term liabilities as on September 30th 2015 which would have material impact on True-up for FY 2015-16. Hence, Licensee humbly requests the Honourable Commission to grant additional time to file True-up for FY 2015-16 and provisional True-up for FY 2016-17.

6. Performance Analysis of EPDCL for the previous year FY 2015-16 and current year FY 2016-17

Performance Analysis: A brief analysis of the licensee business for FY 2015-16 and FY 2016-17 is as follows:

- **Sale of Energy and Distribution Loss for FY 2015-16**

Particulars	FY 2015-16					
	As per DISCOM Filings		APERC Order		Actuals	
	MU	%	MU	%	MU	%
I) Total Metered Sales	14,845	81.66%	14,573	81.67%	12,819	79.69%
a)EHT sales	4,364	24.01%	4,364	24.46%	3,024	18.80%
b)HT sales	4,280	23.54%	4,008	22.46%	3,491	21.70%
c)LT Metered sales	6,200	34.11%	6,200	34.75%	6,304	39.19%
II) LT Agricultural Sales	1,949	10.72%	1,936	10.85%	2,149	13.36%
III) Total Sales	16,795	92.38%	16,510	92.52%	14,969	93.05%
IV) ADD: Distribution Losses						

Particulars	FY 2015-16					
	As per DISCOM Filings		APERC Order		Actuals	
	MU	%	MU	%	MU	%
Distribution Losses (Incl. EHT sales)	1,385	7.62%	1,335	7.48%	1,118	6.95%
Distribution Losses (Excl. EHT sales)	1,385	10.03%	1,335	9.90%	1,118	8.56%
V)DISCOM Power purchase						
a)Discom Input(Excl. EHT sales)	13,815		13,480		13,063	
b)Discom input(Incl. EHT sales) and excluding Transmission losses	18,180	100%	17,845	100%	16,087	100%

- **Sale of Energy and Distribution Loss for FY 2016-17**

Particulars	FY 2016-17					
	As per DISCOM Filings		APERC Order		Revised Estimates	
	MU	%	MU	%	MU	%
1)Total Metered Sales	14,550	79.46%	14,902	80.23%	13,805	80.20%
a)EHT sales	3,780	20.65%	3,830	20.62%	3,382	19.65%
b)HT sales	4,000	21.85%	4,302	23.16%	3,524	20.48%
c)LT Metered sales	6,768	36.96%	6,768	36.44%	6,898	40.07%
II) LT Agricultural Sales	2,372	12.96%	2,280	12.28%	2,065	12.00%
III)Total Sales	16,923	92.42%	17,183	92.51%	15,871	92.20%
IV)ADD: Distribution Losses						
Distribution Losses (Incl. EHT sales)	1,388	7.58%	1,392	7.49%	1,343	7.80%
Distribution Losses (Excl. EHT sales)	1,388	9.56%	1,392	9.46%	1,343	9.70%
V)DISCOM Power purchase						
a)Discom Input(Excl. EHT sales)	14,532		14,711		13,844	
b)Discom input(Incl. EHT sales) and excluding Transmission losses	18,311	100%	18,575	100%	17,214	100%

- **Revenue**

The table below shows a comparison of the revenue from various consumer categories as estimated and approved in the Tariff Order and as billed (FY 2015-16) and expected to be billed (FY 2016-17) by APEPDCL.

Category Wise Revenue: (Figures shown in Rs Crores)

Category	FY 2015-16		FY 2016-17	
	APERC Target	2015-16 (Actual)	APERC Target	(Revised Estimate)
LT Category	2,894	2,957	3,356	3,270
Domestic	1,436	1,536	1,778	1,730
Non-domestic/Commercial	695	781	834	893
Industrial	553	458	515	462
Cottage Industries, Dhobi Ghats& Others	1	1	1	1
Agriculture	35	11	42	20
Local Bodies, St. Lighting & PWS	139	133	144	122
General Purpose	34	34	42	42
Temporary Supply	1	2	1	1
HT Category	5,307	4,297	5,623	4,621
HT I : General	4,098	3,156	4,080	3,359
HT II: Others	610	594	747	608
HT III: Airports, Bus Stations and Railway Stations	13	11	28	37
HT IV Government LIS & Agriculture	36	61	256	143
HT V: Railway Traction	497	442	457	430
HT VI: Townships & Residential Colonies	22	20	20	21
HT VII: Green Power	0	0	0	0
HT VIII: Temporary	0	0	0	0
Category: RESCOs	31	13	34	22
Total (LT+HT)	8,201	7,253	8,979	7,891

7. ARR Projections for Ensuing Year FY 2017-18

Sales Estimates for the Ensuing Year (FY 2017-18)

The licensee has adopted a modified trend approach for projecting the category-wise sales for the ensuing year. As the name suggests, the licensee has considered the historical growth trend observed in the sales of categories adjusted for load relief (adjusted for load shifting) given during last 12 months i.e.H2 of 2015-16 and H1 of FY 2016-17 and the same has been moderated based on the other relevant inputs such as

underlying economic growth drivers, number of pending applications etc. In addition, it is assumed that the licensee could retain the open access consumption due to changing market situation which is being factored in the projected HT sales growth. The historical sales growth of 5 districts are used to project the sales of 5 districts for H2 FY 2016-17& FY 2017-18. The total sales forecast for key categories is as follows:

Category	Revised Estimate FY 2016-17 (MU)	FY 2017-18 (MU)
LT Supply	8,965	9,722
Domestic	4,853	5,381
Non-Domestic	925	1,030
Industrial	848	938
Irrigation & Agriculture	2,066	2,090
Others	272	283
HT Supply	6,907	7,973
HT I : General	4,992	5,702
HT II: Others	646	727
Other HT Categories	1,268	1,545
Total	15,872	17,695

Due to the surplus scenario in the state as well as in the open market, the licensee is not considering any load relief in H2 FY 2016-17 and FY 2017-18.

Yearly Growth Rate:

Category	FY 2016-17 H1 Actual / FY 2015-16 H1 Actual %	Revised Estimate FY 2016-17 / FY 2015-16 %	FY 2017-18 / FY 2016-17 %
LT Supply	6.10%	6.04%	8.45%
Domestic	9.79%	9.81%	10.88%
Non-Domestic	11.48%	11.32%	11.31%
Industrial	10.09%	10.19%	10.53%
Irrigation & Agriculture	-3.79%	-3.89%	1.19%
Others	-7.42%	-3.97%	4.06%

Category	FY 2016-17 H1 Actual / FY 2015-16 H1 Actual %	Revised Estimate FY 2016-17 / FY 2015-16 %	FY 2017-18 / FY 2016-17 %
HT Supply	2.66%	6.00%	15.44%
HT I : General	0.27%	4.62%	14.22%
HT II: Others	-0.72%	0.36%	12.42%
Other HT Categories	16.28%	15.29%	21.78%
Total	4.60%	6.03%	11.49%

Number of hours of Supply to LT Agricultural Consumers in FY 2017-18:

The licensee would like to continue with existing 7 hours of power supply to agricultural consumers in FY 2017-18. However, the licensee may submit a supplementary filing for increase in the number of hours of supply to agricultural consumers based on the orders from the Government of Andhra Pradesh.

Revenue estimate at Current Tariffs for APEPDCL in FY 2017-18

Revenue projected at current tariff incl. of NTI is Rs.8,894 Crs.

Revenue from key categories at current tariff for FY 2017-18 is shown below

Category	Revised Estimate FY 2016-17 (Crs)	FY 2017-18 (Crs)
LT Supply	3270	3688
Domestic	1730	1997
Non-Domestic	893	996
Industrial	462	506
Irrigation & Agriculture	20	18
Others	165	171
HT Supply	4621	5206
HT I : General	3359	3847
HT II: Others	608	678
Other HT Categories	654	681
Total	7891	8894

Power Purchase Requirement and Cost Estimate for the state of Andhra Pradesh for FY 2017-18

As per the Twelfth Schedule of the Andhra Pradesh Reorganization Act, 2014 for bifurcation of united Andhra Pradesh (Central Act No. 6 of 2014, dated 01.03.2014), the districts of Anantapur and Kurnool which were under the jurisdiction of the erstwhile Andhra Pradesh Central Power Distribution Company Ltd. (APCPDCL), now Southern Power Distribution Company of Telangana Limited (TSSPDCL) were reassigned to the Andhra Pradesh Southern Power Distribution Company Ltd. (APSPDCL). The proportionate share of power was transferred from the allocated share of the erstwhile APCPDCL to APSPDCL.

According to G.O.Ms. No. 20 (dated 08.05.2014), based on the last 5 years' average consumption of Anantapur and Kurnool districts, 17.45% of power earlier allocated to the erstwhile APCPDCL has to be transferred to APSPDCL. Accordingly, power allocation percentages for Andhra Pradesh Discoms and Telangana Discoms have been modified. Andhra Pradesh has been allocated a percentage of 46.11% of the erstwhile united Andhra Pradesh share.

Power Purchase Allocation, Availability Estimate for FY 2017-18:

The following are the key assumptions considered by the licensee with regard to power purchase availability by the licensee –

- APGENCO / TSGENCO Stations - Existing
 - Energy availability for FY 2017-18 has been projected based on the actual performance of the plants up to September 2016 and maintenance schedules of the plants.
- APGENCO / TSGENCO Stations - Upcoming
 - 100% share of energy for the upcoming APGENCO thermal station –RTTP – IV (600 MW), assumed to be commissioned in October 2017, has been considered towards Andhra Pradesh
- GENCO Hydel Power stations
 - Power from GENCO (APGENCO and TSGENCO) Hydel stations have been allocated based on their geographical location.

- Over the past 2 years, Hydel stations have generated lower energy than approved values because of increasing use of Hydel stations as Irrigation Projects. The same has been factored in projecting the availability for FY 2017-18.
- CGS Stations – Existing
 - Energy availability FY 2017-18 has been projected as per the projections received from respective generators.
- CGS Station – Upcoming
 - 2400 MW (3x800 MW) Thermal Power Project is being setting up by M/s. NTPC Ltd at Kudigi, Karnataka. The then APDiscoms have signed a PPA with NTPC on 23.09.2010. The residuary A.P may get 8.36% power i.e. 200.62 MW from the said Power Project from January 2017. Based on the existing power position scenario in AP, Ministry of Power (MOP), Government of India (GOI) was requested that the allocation of NTPC Kudigi may either be cancelled to AP or to defer the scheduled COD for 2 more years via Lr. No. 683/16, Dt. 29/10/2016. The reply from MOP, GOI is yet to be received. Accordingly, no availability is considered from NTPC Kudigi for FY 2017-18.
- APGPCL
 - Energy availability for FY 2017-18 has been projected based on the actual performance of the plants up to September 2016 and maintenance schedules of the plants.
- IPP Gas – Existing
 - Energy availability of power from the generating stations of GVK, Spectrum, Lanco Kondapalli and Reliance (BSES) have been projected at 40% PLF based on the current gas supply levels.
 - Godavari Gas Power Plant – M/s GVK was bought out by APDISCOMs on 22nd April 2016 and has been now renamed as Godavari Gas Power Plant and entire energy availability has been considered to be scheduled for Andhra Pradesh.
 - Spectrum – The PPA subsisting was expired on 18.04.16.As per the PPA provisions, APDISCOMs are contemplating to renew the PPA. The PPA is extended meanwhile on month on month basis. The process will be completed by Dec 2016. Accordingly, 100% Share of Spectrum is considered

- Lanco Kondapalli: M/s LANCO PPA had expired on 1st January 2016, but the projections have been furnished expecting that the PPA would get renewed. The proposals for renewal of PPA will be submitted to Honourable APERC on receipt of the permission from Government of Andhra Pradesh. The entire capacity of LANCO is being scheduled to AP DISCOMs with effect from 01.01.2016

- IPP Gas – New
 - Energy availability from the New Gas IPPs viz; GVK Extn, GMR Vemagiri, Gautami & Konaseema is considered to be zero based on the Natural gas supplies from RIL KG D-6 fields.
 - The new IPP's have requested for approval of APDISCOMs to supply power with natural gas from Deep Water fields of ONGC, APDISCOMS have decided not to permit the same as the said gas price is much higher than the domestic gas.
 - If any directions/allocations from MoP&NG or any court directions are received, APDISCOMs are obligated to off-take the power produced from the natural gas available from the Deep water fields. As such capacity of around 690 MW as AP Share from the aforesaid said projects would be available to APDISCOMs. (The cost of generation per unit based on the deep water field gas is around Rs. 4.53/kWh. Fixed cost Rs.1.10/kWh and variable cost Rs.3.43/kWh)

- Non-Conventional Energy Sources
 - Non-conventional energy sources have been allocated to the DISCOMs based on their PPA.
 - The two mini-power plants LVS and Srivathsa have been allocated to APEPDCL.
 - Wind: The installed capacity of Wind by end of H1 FY 2016-17 is 1,989 MW and addition of around 1000MW is considered for FY 2017-18 as per data inputs received from NREDCAP.
 - Solar: The installed capacity of Wind by end of H1 FY 2016-17 is 1010 MW, an addition of around 1000 MW from solar parks is considered for FY 2017-18 based on the target time lines envisaged in the Power Purchase agreements entered by the solar developers with DISCOMs.

- IPP - Others
 - HNPCL – 1st and 2nd units (520 MW each) of HNPCL achieved the COD on 11.01.2016 and 03.07.2016 respectively. Project COD was declared on 03.07.2016. Currently, HNPCL is able to operate at an average PLF of around 50% due to coal shortage due to congestion in the railway linkage and consequent transportation of coal through road network. The licensees expect the similar situation to continue in FY 2017-18 also and hence have considered the availability of only one unit of HNPCL in FY 2017-18.
- Long Term and Medium Term Purchases
 - TPCIL – The licensees (AP & Telangana Discoms) have signed a Power Purchase Agreement with M/s. Thermal Power Tech Corporation India Limited (TPCIL) for a contracted capacity of 500 MW under long term basis through Case-I bidding route for a period of 25 years.
 - (600 MW DBFOO): Energy availability of 600 MW from DBFOO bidding from February 2017 at 85% PLF.
 - AP and Telangana Discoms have signed PPA's with KSK Mahanadi and Corporate Power for supply of power through medium term basis starting from June 2013 for a period of 3 years. But, the energy from Corporate Power has not been considered as the PGCIL has not granted its transmission access.
- Short Term Purchase
 - APDISCOMs are presently experiencing surplus conditions and hence no purchases from short term sources have been assumed in FY 2017-18.

The estimated surplus energy at the state level during FY 2017-18 is 10,401 MUs shown in the table below.

S.No.	Particulars	FY 2017-18
A	Energy Requirement (MU)	57,013
B	Energy Availability (MU)	67,948
C = B – A	Surplus (+)	10,930
D	Surplus Energy sold to market (MU)	2,208
E = C - D	Energy Back down (MU)	8,722

Power Purchase Cost Estimate for FY 2017-18:

- APGENCO / TSGENCO Stations
 - Fixed Costs
 - Fixed costs have been considered for existing APGENCO Stations has been considered as approved by APERC in its order dated 26.03.2016 in OP No.3/2006 filed by APGENCO for determination of tariff for FY 2014-19
 - Fixed cost for TSGENCO thermal stations is considered as per AP Share of approved values in the TSERC Tariff Order FY 2016-17
 - As the tariffs for SDSTPS and RTPP-IV have not yet been approved by the Honourable APERC, the licensee has estimated the fixed costs based on details provided by APGENCO and APPDCL and also based on timelines provided in CERC norms and hence, the licensee has considered the capital costs and Interest during construction (IDC) applicable only for the normative months.
 - Variable costs
 - Variable Costs for APGENCO stations has been computed considering the entire coal procurement is from All Rail Route (ARR) mode, and that complete fuel requirement is met through domestic coal.
 - Variable Cost for TSGENCO Stations is considered as per TSERC Approved values of FY 2016-17
- CGS Stations
 - Fixed Cost and Variable Cost for CGS Stations have been considered as per generator projections.
- IPP Gas
 - Fixed Cost and Variable Cost have been considered as per generator projections for old Gas IPP's
 - As no energy availability is considered from New Gas IPP's, no fixed and variable cost has been considered.

- Non-Conventional Energy Sources
 - Power purchase price for Biomass/Industrial Waste, Bagasse & Mini Hydel have been considered based on applicable APERC Orders
 - Power purchase cost for Wind plants Commissioned after July 2015, has been considered at Rs.4.33/kWh as per Regulation 1 of 2015, after considering the applicable GBI benefit pass through to the Licensee/ Consumers as per Point 20 of Reg. No. 1 of 2015
 - Power purchase cost for Solar Plants have been considered as per corresponding bid price revealed in the respective tenders.
- IPP Others
 - Fixed costs of HNPCL has been considered based on the capital expenditure and IDC only up to the normative construction period as specified in CERC norms. Moreover, since availability of only one unit has been considered for FY 2017-18, the fixed charge associated with only one unit has been considered.
- Long Term and Medium Term Purchase
 - Fixed cost and variable cost of TPCIL and KSK Mahanadi is considered as per generator projections.
 - Power purchase cost for 600 MW DBFOO Plants have been considered as per corresponding bid price revealed in the respective tenders.

Average Revenue Realized vs Average CoS break up for APEPDCL in FY 2017-18

- Average Revenue Realized (ARR) for FY 2017-18 is Rs.5.03/kWh
- Average Cost of Supply (CoS) for APEPDCL - Rs. 5.92/kWh

- Average CoS break-up (per unit of Sales) for APEPDCL is as follows

	FY 16-17 Approved (Rs./Unit)	FY 16-17 Projected (Rs./Unit)	FY 17-18 Projected (Rs./Unit)
Power purchase cost	3.68	3.84	4.16
T&D Loss Cost	0.47	0.44	0.48
Network	1.09	1.12	1.20
Other Cost	0.03	0.09	0.09
Cost of Service	5.26	5.50	5.92

- The estimated revenue gap for the licensee for FY 2017-18 is as follows:

S.No.	Particulars	FY 2017-18
A	Total Revenue at current tariffs	8,894
B	Aggregate Revenue Requirement (Rs. Crs.)	10,481
C = A - B	Revenue (Deficit) / Surplus at Current Tariffs (Rs. Crs.)	(1,587)

Based on the information available, the Applicant has made sincere efforts to comply with the Regulation of the Honourable Commission and discharge its obligations to the best of its abilities. However, should any further material information become available in the near future, the Applicant will file such additional information and consequently amend/ revise the application.

The licensee humbly requests the Honourable Commission to take the accompanying ARR application on record and treat it as complete; True-up filing, Tariff proposals, Cross Subsidy Surcharge and Additional Surcharge will be filed at a later date.

EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED.

Through

(APPLICANT)

**CHIEF GENERAL MANAGER
Planning, RA & PP
APEPDCL**

Place: Visakhapatnam

Dated: 30-11- 2016