

**BEFORE THE HONOURABLE ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
AT ITS OFFICE AT 4th FLOOR, SINGARENI BHAVAN, RED HILLS, HYDERABAD 500 004**

FILING NO. _____/2015

CASE NO. _____/2015

In the matter of:

Filing of the ARR applications in respect of Retail Supply Business for the FY: 2016-17 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” 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 B.Ramesh Prasad, son of Sri B.Prasada Rao, 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/Commercial, RA & PP of APEPDCL, the Licensee that has, vide the Hon’ble 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 Hon'ble 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) of APEPDCL for the FY 2016-17 to the Hon'ble 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 pray that the Hon'ble Commission may be pleased to
 - (a) Take the accompanying ARR application of APEPDCL on record and treat it as complete; the tariff proposals will be 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 Hon'ble 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 31st day of December'2015 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

FILING NO. _____/2015

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In the matter of:

Filing of the ARR applications for the Retail Supply Business for the year FY 2016-17 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” 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 2016-17.
2. The licensee has given an application before the Honourable Commission seeking extension of time for filing ARR for Retail Supply Business for the year FY 2016-17. The licensee faced the following difficulties in finalizing the preparation of ARR for FY 2016-17 :
 - a) Information from certain generators are yet to be received about the availability of power/fuel. Due to delay in receiving this information which would have a material impact on the overall ARR for the ensuing year and the measures to be adopted by the licensee in addressing it, the licensees have not been able to finalize the power purchase cost projections.

- b) “Recently, Government of India has announced UJJWAL DISCOM ASSURANCE YOJANA (**UDAY**) scheme to fix a permanent solution to address existing and future losses of the Distribution Companies in the country. Under this scheme, state government can take 75% of total loans outstanding on the books of Discoms in a period of 2 years by issuing bonds. In addition, certain incentives have been announced to Discoms such as additional power from central generating stations, higher coal allocation and more funds through IPDS and DDUGY schemes. This scheme will have a significant impact on the Discoms. The Discoms are in the process of examining the impact of UDAY scheme on the Retail ARR of FY 2016-17.” Since the both the Discoms have same cause of action for filing the application, those have joined together in filing this. It is therefore prayed that the Honourable Commission may be pleased to grant the time to the petitioners for filing petition for ARR for Retail Supply of Electricity business for the year FY 2016-17.

The Honourable APERC have kind enough for issuing orders giving permission to the licensee to file ARR & Tariff proposals for FY 2016-17 before 31-12-2015 vide its Proceedings No. Dir (Tariff) / Secy / F.No.T-41/21/2015, dated 01-12-2015.

3. 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 2015-16 & 2016-17 as approved in the Wheeling Tariff Order (Distribution Business Tariff Order) for 3rd MYT control period (FY 2014-15 to 2018-19). However, the licensee would request to Honourable APERC that the distribution cost as filed by the licensee in the review petition in August’ 2014 before the Honourable Commission (still pending to be approved) should be considered in the present retail supply filing for the FY 2015-16 & FY 2016-17.
- **Transmission Cost:** The licensee has considered the Transmission cost for FY 2015-16 & FY 2016-17 as approved in the Transmission Tariff Order for 3rd MYT control period (FY 2014-15 to 2018-19). Licensee has projected transmission cost as a proportion of contracted demand of Licensee from the combined state for FY 2015-16 and FY 2016-17.
- **SLDC Cost:** The SLDC Charges have been adopted as per Tariff orders of AP Transco dated 9th May 2014. Licensee has projected transmission cost as a proportion of contracted demand of Licensee from the combined state for FY 2015-16 and FY 2016-17.

- **PGCIL and ULDC Costs:** The PGCIL and ULDC charges have been computed based on the information sought by the licensee from APTransco and for FY 2014-15 the figures considered are as per the actuals. Based on the actuals, the licensee has projected the PGCIL & ULDC charges for FY 2015-16 and for FY 2016-17.
 - **Distribution losses:** The licensee has considered losses as approved by the Hon'ble Commission for the year H2 FY 2015-16 and for FY 2016-17, the licensee has considered 95% of the approved losses of 15-16 in the APERC Tariff Order 15-16.
 - **Transmission losses:** The licensee has considered the losses as approved by the Hon'ble Commission for the year H2 FY 2015-16 and FY 2016-17.
 - **PGCIL Losses:** The Licensee has projected the external (PGCIL) losses at 4.60% based on the actual loss levels for the previous year.
4. 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 Hon'ble Commission to allow for submission of the ARR and Tariff filing for Retail Supply Business for FY 2016-17 on an yearly basis, instead of the entire control period due to the following reasons:
- a. **Significant uncertainty regarding the availability of energy and cost of power purchase for the 3rd Control Period:**
 - i. **Availability of Energy:** There is uncertainty regarding the likely commissioning dates of some of the Genco Stations, Central Generating Stations, UMPPs and Others. Timely commissioning of the new generating stations is likely to have a material impact on the overall power purchase costs of the licensee.
 - ii. **Power Purchase Costs:** The Order on Generation Tariffs based on the Generation regulation is yet to be passed by APERC. Hence, the quantum of deviations between the generation tariffs used in the projections and the approved costs are likely to be high - if the power purchase cost projections are made for the entire 3rd control period.

b. In view of the above uncertainties expressed by the Licensees in the State of Andhra Pradesh, the Honourable APERC have permitted the licensees to file ARR Tariff petitions relating to Retail Supply Business on annual basis for FY 2016-17 vide its Proceedings No.T-41/2015, Dt.20-11-2015.

c. **Regulatory objectives of a Multi-Year Tariff Regime not met:**

- i. **Mechanism of Incentivization:** One of the key objectives of a Multi-Year Tariff regime is the mechanism of incentivizing the performance of the licensee vis-à-vis the targets set by the Hon'ble Commission. This approach is more suited in a distribution business where costs to a large extent are treated to be controllable. However in retail supply business, power purchase cost being an uncontrollable factor is not amenable to fixation of targets and hence does not meet the intended objective of bringing in operational efficiencies in licensee.
- ii. **Tariff Certainty:** This is another key objective intended to be achieved through the multi-year tariff regime and is well addressed in the distribution business where the wheeling tariffs are set based on the controllable costs. In retail supply business, apart from the cost of service, the retail tariffs are also dependent on external factors such as the subsidy support from the GoAP and cross subsidy levels across the consumer categories. Hence, the objective of providing tariff certainty to consumers is unlikely to be met in Retail Supply Business unless there is clarity on the above factors - most importantly regarding cost of service (for whom the major factor is power purchase cost).

The Hon'ble Commission has been kind enough in granting permission to submit the ARR & Proposed Tariff filings in respect of the Retail Supply Business for FY 2016-17 instead of total control period of FY 2014-15 to FY 2018-19.

5. In the following paragraphs, the licensee has provided a brief summary of its performance during FY 2014-15 as against the Tariff Order targets in Retail Supply Tariff Order FY 2013-14 as well as the expected performance for the current year i.e. FY 2015-16 and projections for FY 2016-17.

As per the clause 2 of First amendment to Regulation 4 of 2005, 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. Moreover, the under recovery of revenue as a result of consumer sales mix is being ignored. Hence, Licensee has made a revised estimate of ARR and revenue at approved tariffs for the FY 2014-15 and for FY 2015-16 based on H1 of 2015-16. The licensee has computed the revenue gap for FY14-15 and FY 15-16, but it has not added this revenue deficit to the ARR for FY16-17 because the GoAP has given in principle approval to UDAY scheme floated by GoI. As per UDAY scheme, GoAP will take over 75% of DISCOM debt as on 30 September 2015 over two years - 50% of DISCOM debt will be taken over in 2015-16 and 25% in 2016-17. DISCOM debt not taken over by GoAP will be converted by the Banks / FIs into loans or bonds with interest rate not more than the bank's base rate plus 0.1%. Alternately, this debt may be fully or partly issued by the DISCOM as GoAP guaranteed DISCOM bonds at the prevailing market rates which shall be equal to or less than bank base rate plus 0.1%.

6. At present, domestic consumers are billed on the basis of monthly consumption only. The licensee submits that the existing tariff structure has the following drawbacks:
 - a. Tariff shock observed by consumers on the verge of moving from one slab to another
 - b. Tariff is dynamic based on consumption during the month. Consumers cannot be designated with any sub-category of Domestic due to non-static consumption of a consumption.
 - c. Tariffs are independent of affordability / income level of consumers: Under the existing tariff regime, high-income consumers are likely to enjoy concessional tariffs intended for low-income consumers, in case their consumption during any month is reduced. Ex- if a consumer having an average consumption of 200 units/month consumes 30 units/month will be charged at 1.45 / unit.

Considering above, the licensee would like to propose simplified tariff structure of Domestic category by grouping consumers, with no tariff change, based on certain conditions as shown below:

- Group A: Only Single-phase consumers with annual consumption upto 600 Units (upto 50 units/ month)

- Group B: Only Single-phase consumers with annual consumption greater than 600 Units and upto 2,400 Units
- Group C: Single-phase consumers with annual consumption more than 2,400 Units and all three-phase consumers

Grouping of domestic consumers will be done based on annual consumption of FY 2015-16 during the start of FY 2016-17 and will continue to be in the same group till the annual threshold limits stipulated above.

7. APERC Regulation 6 of 2004 stipulates "*Security Deposit amount shall be two months charges in case of monthly billing and 3 months charges for bi-monthly billing*".

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"The interest accruing to the credit of the consumer shall be adjusted annually against the amounts outstanding from the consumer to the Licensee as on 1st May of every year and the amounts becoming due from the consumer to the Licensee immediately thereafter."

The Licensee would like to submit that the Power Purchase Cost contributes to nearly 80% of the total Retail ARR and certainty in projection of power purchase cost has become very critical. Any deviation in power purchase cost has to be funded through internal sources and to be recovered in subsequent years through ARR. On the other hand, Subsidy from government contributes to be more than 12% of the Retail ARR. This would mean that Discoms are effectively getting 2 months consumer security deposit on 88% of retail ARR. While payments to generators is being done on a monthly basis, the revenue cycle is nearly 2 months. Hence, the working capital requirement of the Distribution Licensees has become difficult to manage in recent time and hence the Licensee requests the Hon'ble Commission to increase the duration of Security Deposit from the current two month charges to 75 days charges in case of monthly billing while continuing with 3 months charges for bi-monthly billing.

This would ensure the Working Capital Requirements of the Licensees are met.

8. The licensee would request to Honourable APERC to grant permission to file separate ARR with new O&M expenses due to pay revision in 2014-15 and higher capex required on account of new network up gradation schemes.

9. **Summary of the Filing**

Performance Analysis of EPDCL for the previous year FY 2014-15 and current year FY 2015-16

Performance Analysis: A brief analysis of the licensee business for FY 2014-15 and FY 2015-16 is as follows:

- **Sale of Energy and loss reduction:**

Particulars	2014-15		2015-16			
	Actual		APERC Order		Present Estimate	
	MU	%	MU	%	MU	%
Metered Sales	11350.98	76.87%	14573.79	77.84%	12913.67	79.63%
LT Agricultural Sales	2166.92	14.67%	1936.33	10.34%	2281.16	13.82%
Total Sales	13517.9	91.54%	16510.12	88.19%	15194.83	91.98%
ADD: Distribution Losses (incl. EHT sales)	1248.76	8.46%	1335.40	7.48%	1325.53	8.02%
Energy required at Discom level	14766.66	100.00%	17845.52	100.00%	16520.37	100.00%
Distribution Losses (Excl. EHT sales)	1248.76	10.74%	1335.40	9.91%	1325.74	10.13%

The licensee has followed the agreed methodology for estimation of agricultural sales for a period H1 FY 2015-16 and has been regular in submitting the required information to the Hon'ble Commission. Further, the licensee is in the process of releasing 9,000 new agricultural connections during FY 2015-16 and 9,000 new agricultural connections during FY 2016-17. In view of this, the licensee requests the Hon'ble Commission to revisit the level of agricultural sales approved for APEPDCL and treat it appropriately.

- **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 2014-15) and expected to be billed (FY 2015-16) by APEPDCL.

Category Wise Revenue: (Figures shown in Rs Crores)

Category	2014-15	2015-16	
	Actuals	APERC Target	Present estimate
HT			
Industrial	2863.26	4098.26	3605.34
Non-Industrial	497.64	610.03	669.64
Aviation	11.05	12.55	13.14
Irrigation & Agl.	55.11	36.49	64.75
Railway Traction	404.84	496.67	438.16
Colony Lightning	16.85	21.55	19.18
RESCO's	26.39	30.95	10.89
Temporary	0.00	0.00	0.00
HT Total	3875.15	5306.50	4821.11
LT			
Domestic	1179.53	1436.02	1404.33
Non-Domestic	621.80	694.93	738.04
Industrial	380.53	553.20	467.61
Cottage Industries	0.90	0.88	0.98
Agricultural	23.07	35.48	27.98
Local Bodies	126.33	139.26	135.75
General Purpose	27.92	33.77	37.41
Temporary	0.48	0.76	1.14
LT Total	2360.56	2894.30	2813.24
Grand Total (LT+HT)	6235.70	8200.80	7634.35

Net regulatory gap for FY 2014-15 (Rs. Crs.)

Particulars	2014-15 Actuals	2015-16		
		Approved	Revised Estimate	Deviation
Transmission Cost	305.25	341.00	341.01	0.01
SLDC Cost	12.10	10.97	10.97	0.00
Distribution Cost	1,182.92	1,216.97	1,216.97	0.00
PGCIL Expenses	116.97	119.26	119.26	0.00
ULDC Expenses	2.90	2.88	2.55	(0.330)
Network and SLDC Cost	1620.15	1,691.08	1,690.77	(0.31)

Particulars	2014-15 Actuals	2015-16		
		Approved	Revised Estimate	Deviation
Power Purchase/Procurement Cost	6,407.70	6,866.00	6,835.76	(30.24)
Interest on Consumer Security Deposits	77.20	92.16	84.41	(7.75)
Supply Margin	0.00	4.83	4.83	0.00
Other Cost	0.00	414.29	447.01	32.72
Supply Cost	6,484.90	7,377.28	7,372.01	(5.27)
Gross ARR	8,105.05	9,068.36	9,062.78	(5.58)
Revenue	6,235.70	8,200.82	7,634.35	(566.47)
Subsidy	275.46	867.54	867.54	0.00
Total Revenue (incl. Subsidy)	6,511.16	9,068.36	8,501.89	(566.47)
Total Gap from Retail Business	(1,593.90)	0.00	(560.89)	(560.89)

Estimated gross ARR for FY 2015-16 is Rs. 9062.78 Crs and the revenue gap from Retail Supply Business is Rs. 560.89 Crs. This increase in gap is mainly due to less approval of distribution Cost. However, the licensee would request to Honourable APERC that the distribution cost as filed by the licensee in the review petition in August' 2014 before the Honourable Commission (still pending to be approved) should be considered in the present retail supply filing for the FY 2016-17.

Sales Estimates for the Ensuing Year (FY 2016-17)

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 2014-15 and H1 of 2015-16 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, pending loads from HT category is being factored which has resulted high HT sales growth. The historical sales growth of 5 districts are used to project the sales of 5 districts for H2 FY 2015-16 & FY 2016-17. The total sales forecast for key categories is as follows:

Consumer Categories	2015-16 (H1-Actuals & H2-Projected (MU))	2016-17 (Projected (MU))
L.T. Supply	8300.61	9141.30
Domestic Supply	4231.34	4766.50
Non-Domestic Supply	778.91	874.72
Industrial Supply	733.01	837.85
Irrigation & Agricultural	2281.16	2372.34
H.T. Supply	6894.22	7781.86
Industrial	5239.35	5956.44
Non-Industrial	590.02	691.31
Total	15194.83	16923.17

The licensee is not considering any load relief in H2 FY 2015-16 and FY 2016-17.

The total sales forecast (Actuals) for key categories is as follows:

Consumer Categories	2015-16 Actuals (MU)	2016-17 Actuals (MU)
L.T. Supply	8204.68	9032.42
Domestic Supply	4160.90	4685.82
Non-Domestic Supply	767.17	861.13
Industrial Supply	723.26	828.10
Irrigation & Agricultural	2281.16	2372.34
H.T. Supply	6815.08	7702.72
Industrial	5171.28	5888.38
Non-Industrial	582.45	683.74
Total	15019.76	16735.14

Yearly Growth Rate:

Consumer Categories	FY 2015-16/ FY 2014-15 (Projected)	FY 2016-17 / FY 2015-16 (Projected)
L.T. Supply	12.77%	11.45%
Domestic Supply	7.98%	14.10%
Non-Domestic Supply	5.78%	13.74%
Industrial Supply	25.87%	17.76%
Irrigation & Agricultural	23.65%	5.27%
H.T. Supply	10.07%	13.58%
Industrial	12.09%	15.13%
Non-Industrial	4.16%	14.14%
Total	11.54%	12.41%

Consumer Categories	2015-16 (H1-Actuals& H2- Projected) / 2014-15 (Actuals)	2016-17 (Projected)/ 2015-16 (H1- Actuals & H2 - Projected)
L.T. Supply	11.45%	10.13%
Domestic Supply	14.10%	12.65%
Non-Domestic Supply	13.74%	12.30%
Industrial Supply	17.76%	14.30%
Irrigation & Agricultural	5.27%	4.00%
H.T. Supply	13.58%	12.88%
Industrial	15.13%	13.69%
Non-Industrial	14.14%	17.17%
Total	12.41%	11.37%

Number of hours of Supply to LT Agricultural Consumers in FY 2016-17:

The licensee would like to continue with existing 7 hours of power supply to agricultural consumers in FY 2016-17, keeping in view the power supply situation in the state and the expensive short term power purchase from other states. However, the licensee may submit a supplementary filing for increase in the number of hours of supply to agricultural consumers to 9 hours during the course of the year, in FY 2016-17, as and when the power situation in the state improves subject to adequate availability of T&D network for extending agricultural supply by 2 additional hours.

Power Purchase Requirement and Cost Estimate for the state of Andhra Pradesh for FY 2015-16

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 and Requirement Estimate for FY 2015-16:

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

- Energy availability for upcoming GENCO (APGENCO and TSGENCO) thermal stations - KTHPP Stage II, DSTPP Stages I & II has been considered as per geographical location.
- Power from GENCO (APGENCO and TSGENCO) hydel stations have been allocated based on their geographical location.
- Non-conventional energy sources have been allocated to the DISCOMs based on their geographical presence/location.
- The two mini-power plants LVS and Srivathsa have been allocated to APEPDCL. Entire energy available from Hinduja thermal power plant has been allocated to Andhra Pradesh.
- Allocation percentage for all other existing APGENCO thermal stations, CGS stations and Gas IPPs is 46.11% of united AP share (based on the last 5 years' average consumption of Anantapur and Kurnool districts).

The following are some of the key points considered by the licensee with regard to power purchase requirement–

- APGENCO – Damodar Sanjeeviah Thermal Power plant unit I (800 MW), has been commissioned in February 2015 and unit II (800 MW) has been commissioned in Oct 2015.
- APGENCO – Hydel: Nagarjunasagar Tail Pond Dam Power House plant (50 MW, AP share – 23 MW) has been commissioned in Nov 2015.
- CGS - Capacity addition from Tuticorin Thermal Power Plant Station is 118 MW (as per AP share). COD for unit 1 has been considered to be in February 2015 and for unit 2 to be in March 2015.
- Hinduja National Power Corporation Limited’s 1st unit (520 MW) has been considered from Dec 2015 and the 2nd unit (520 MW) from June 2016.
- In case of availability projections from NCEs, the licensee has assumed additional capacity from wind to be 500 MW and 750 MW from solar for the full year of FY 2016-17
- Long term source: Energy availability from Thermal Power Tech Corporation India Limited (500 MW, AP share – 231 MW) has been considered from April 2015.
- The licensee has considered the availability from existing gas-based IPPs in the state. The licensee has considered an average PLF of 40% for the old IPPs. Energy availability from new IPPs has not been considered.
- It has been assumed that 800 MW of surplus power shall be sold through bilateral contracts / open market.

The estimated surplus energy at the state level during FY 2016-17 is 9,274 MU as shown in the table below.

Particulars	FY 2015-16
Energy Requirement (MU)	57,565
Energy Availability (MU)	66,839
Surplus (+)	9,274
Surplus Energy sold to market (MU)	7,142

Power Purchase Cost Estimate for FY 2016-17:

- Variable costs for GENCO (Thermal) and CGS stations: A 3% escalation rate has been considered over the actual variable costs during H1 FY 2015-16 for APGENCO, TSGENCO and CGS stations.

- Fixed costs have been considered as projected by the appropriate generating stations.
- Indicative fixed cost for Krishnapatnam and Hinduja have been considered.

The average power purchase cost at state level is projected to be at Rs. 4.13/unit for H2 of FY 2015-16 as against Rs. 3.60/unit for FY 2015-16 as approved by Honourable Commission. The average power purchase cost for FY 2016-17 is projected to be at Rs. 3.97/unit which is lower than that for H2 of FY 2015-16 after considering sale of surplus energy.

- The estimated revenue gap for the licensee for FY 2016-17 is as follows:

Particulars	FY 2016-17
Aggregate Revenue Requirement (Rs. Crs.)	9503
Total Revenue	8703
Revenue Deficit (-) / Surplus (+) at Current Tariffs (Rs. Crs.)	- 800

EASTERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED.

Through

(APPLICANT)

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

Place: Visakhapatnam

Dated: 31-12-2015