

Dated 29<sup>th</sup> December 2017

To  
The Commission Secretary  
Andhra Pradesh Electricity Regulatory Commission  
Singareni Bhavan, Red Hills  
Hyderabad

Dear Sir,

Sub: Tariff for Startup power for FY 2018-19 – Suggestions/Views – Reg.

Ref: (1) Public Notice dated 1<sup>st</sup> December 2017 by APEPDCL

(2) Lr.No. APERC/E- 267/DD-Dist/2017 dated 12-10-2017

(3) Lr.No. APERC/E- 267/DD-Dist/2017-2 date: 16-11-2017

1. With reference to the Aggregate Revenue Requirement (ARR) and Filings for Proposed Tariff (FPT) for the FY 2018-19 made by DISCOMs before Andhra Pradesh Electricity Regulatory Commission (APERC) and paper notification dated 08-12-2017, we submit our objections/Suggestions for kind consideration and address the same while finalizing the Tariff Order for FY 2017-18.
2. Hon'ble Commission issued Regulation No. 3 of 2017 on Power evacuation and the Regulation was Gazetted on June 6, 2017. In the Regulation vide clause 17, the Commission stated as follows:

**"17. Extension of power supply for startup operations or for plant maintenance:**

APTRANSCO/DISCOMs shall extend power supply to all these generating plants either at Low Tension (LT) or at High Tension (HT) as desired by the power producer/ Developer for maintenance, startup operations and lighting purpose. The tariff for these plants for FY2017-18, shall be charged at the rate of Rs 11.77/unit without any fixed charges and minimum charges. The DISCOMs shall file tariff proposals under section 62 of the Electricity Act, 2003 in the ARR proposals of FY 2018-19, for supply of electricity to this type of generating plants."

As per the above clause, the DISCOMs should file a separate tariff for startup power. The DISCOMs did not make any proposal in the Tariff filing. The DISCOMs are extending power supply for startup operations under HT 1 or HT 2 or energy net off method.

3. As per section 45 (4) of the Electricity Act, 2003, the distribution licensee shall not show undue preference to any person or class of persons or discrimination against any person or class of persons in fixing charges.

The relevant provision of the Electricity Act, 2003 is extracted hereunder:

**"Section 45. (Power to recover charges):** --- (1) Subject to the provisions of this section, the prices to be charged by a distribution licensee for the supply of electricity by him in pursuance of section 43 shall be in accordance with such tariffs fixed from time to time and conditions of his licence.

(2) .....

(3) .....

CIN NO.: U27101 AP 2004 PTC 043091



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*(4) Subject to the provisions of section 62, in fixing charges under this section a distribution licensee shall not show undue preference to any person or class of persons or discrimination against any person or class of persons."*

The tariff for these plants for FY 2017-18 shall be charged at the rate of 11.77/Unit without any fixed and minimum charges. The DISCOMs shall file tariff proposals under section 62 of the Electricity Act, 2003 in the ARR Proposal of FY 2018-19, for supply of electricity to this type of Power Plants. But APEPDCL has not filed any tariff proposal as such in the New Tariff Proposal for the FY 2018-19.

4. The noting of the Hon'ble Commission mentioned in the letter cited in reference (2) is extracted hereunder for information.

*"(3)The relevant legal provisions are explained hereunder for understanding of DISCOMs:*

*Section 2(15) of the Electricity Act, 2003 is reproduced as under:*

*"2 (15) "consumer" means any person who is supplied with electricity for his own use by a licensee or the Government or by any other person engaged in the business of supplying electricity to the public under this Act or any other law for the time being in force and includes any person whose premises are for the time being connected for the purpose of receiving electricity with the works of a licensee, the Government or such other person, as the case may be".*

*(4)The APTEL in its judgment in Appeal No. 166/2010 stated that a generating power plant cannot be treated on par with other consumers and the relevant Paras 48 and 49 are extracted hereunder:*

*"48. Further, consumer as defined in the Act is a person who is supplied with electricity for his own use. Here startup power is supplied to Respondent -1 to startup its generating unit. Once generating unit is synchronized with the grid, the power so generated is supplied to Appellant. Without startup power, generators cannot start and produce power. Thus, in way, startup power is supplied for the benefit of Appellant only. From this point of view, a generator taking startup power from distribution licensee and supply power to same licensee on startup, cannot be termed as a consumer.*

*49. In light of above discussions a generator requiring 'startup up power' from the grid cannot be termed as a consumer."*

#### **5. KEY JUDICIAL PRONOUNCEMENTS IN MATTERS DEALING WITH TARIFF APPLICABLE TO START-UP POWER CONSUMERS**

Some key judgments from various adjudicating authorities on the subject matter of distinct treatment of start-up power is reproduced below:

Order / Judgment Reference	Forum	Findings
<p>Order dated 6.2.2006 In Petition No. 17 of 200t (M) – In the matter of power of power purchase and related dispensation in respect of Captive Generating Plant</p>	<p>CSERC</p>	<p>6.6.... The Commission, however, decides that both the captive as also the non-captive consumers of the CPPs, while paying demand charges including tariff minimum charge, will not be required to pay monthly minimum charges on consumption considering the fact that their requirement of power is to be met from the CPP only and they may take very little power from the licensee/CSEB. Thus such consumers, whether EHV or HT, shall be required to pay tariff minimum charges on the contract demand or the recorded maximum demand, whichever is higher only. This dispensation will, however, be available to these captive/non-captive consumers who avail power both from a CPP and the licensee, on the condition that the supply from the CPP is more than 50% of their requirement in terms of unit consumption. Every captive and non-captive consumer will have to declare that they will be drawing more than 50% of their monthly consumption from the CPP failing which it will be presumed that their power requirement from the CSEB/licensee is more than 50% and they will not get the benefit of waiver of monthly minimum charge on consumption</p> <p>..... <b>Tariff for Startup power</b></p> <p>8.4 Taking into consideration all the factors and the petitioner's statement that the consumption of start-up power is not likely to be more than 10% in terms of load factor, the Commission decides to apply the same HV-6 tariff with 50% of the existing demand charge for start-up power for CPP. However to avail this benefit the CPP has to have a contract demand which does not exceed 10% as its highest capacity generating unit and restricts the drawal of power within 10% load factor every month. In case the load factor in a month goes beyond 10%, the CPP will be required to pay the full demand charges. Since the requirement of power will be for short duration, the Commission also decides not to levy any minimum charges on consumption. Billing will be done on actual consumption as per HV-6 tariff or the tariff for this category as may be determined by the Commission from time to time. In order that existing CPPs may avail this facility, they are permitted to reduce their CD to the extent desired, subject to technical feasibility in terms of accurate metering of import and export of power. Such reduction is permitted only once in a year.</p>

Order / Judgment Reference	Findings	Order / Judgment Reference
Judgment dated 2.3.2016 in Appeal No. 71 of 2005 in the Matter of Annual Revenue Requirements (ARR) and determined the retail supply tariff of the Tamil Nadu Generation and Distribution Corporation Limited	APTEL	"14. We direct the State Commission to consider the view point of the Appellant, a generating company, who takes start-up power from the Respondent No.1, a distribution licensee, on achieving commercial operation date. The generation in the country is to be promoted as per the motive and the objective of the Electricity Act, 2003, and for encouraging such kind of generation, there should be a separate category for generators drawing start-up power for initiating generation from the station which will cater to the need of the power in the State. Thus, a separate category of such kind of generators should be created and a separate tariff for such category should be determined. The State Commission should consider this thing in a positive manner in the Immediate future and to frame the relevant regulations in this regard."

#### REQUEST

- Approve a separate category for start-up power loads of for power plant and remove the criteria of minimum energy consumption charges and remove the demand charges;
- Pass necessary orders as may be deemed appropriate in the facts and circumstances of the case in the interest of justice
- Permit Shri Girija Alloy & Power (I) Private Limited to participate and make additional submissions and produce details and documentations during the course of the Public Hearings at (Eluru, Guntur, Kurnool, Tirupati and Hyderabad) in the interest of equity.

Thanking you,

Yours truly,

For SHRI GIRIJA ALLOY & POWER (I) PRIVATE LIMITED

AUTHORISED SIGNATORY

To

The Commission Secretary  
Andhra Pradesh Electricity Regulatory Commission  
Singareni Bhavan, Red Hills  
Hyderabad

Dear Sir,

Sub: New Tariff for the FY 2018-19 – Objections – Reg.  
Ref: Public Notice dated 1<sup>st</sup> December 2017 by APEPDCL

We refer to the New Tariff Proposal for the Year 2018-19 that has been published to be submitted before the APERC. In this regard, we would like to submit our concern as below:

1. APEPDCL is rendering startup Power under HT 1, HT 2 and energy net off system.
2. We have filed our objections to APERC in the present year for a separate category with startup Power as Startup Category.
3. APERC has also published a gazette dated 6<sup>th</sup> June 2017 for creation of startup power category and advised DISCOMS to supply to all these generating plants either at Low Tension or High Tension as desired by the producer / developer for maintenance , startup operations and lighting purpose. The tariff for these plants for FY 2017-18 shall be charged at the rate of 11.77/Unit without any fixed and minimum charges. The DISCOMS shall file tariff proposals under section 62 of the Electricity Act, 2003 in the ARR Proposal of FY 2018-19, for supply of electricity to this type of Power Plants. But APEPDCL has not filed any tariff proposal as such in the New Tariff Proposal for the FY 2018-19.
4. The New Tariff Proposal for FY 2018-19 does not indicate separate category for startup power for Power Plants and the same may be incorporated.
5. We would like to put to your kind notice of various DISCOMS which have a Separate Category for Start Up Power

Sl. No.	State	Category
1	Chattisgarh	HV-8
2	Gujarat	HTP-III
3	Karnataka	HT 2-(b) (i)
4	Madhya Pradesh	HV-7
5	Maharashtra	HT-1(A)
6	Odisha	Emergency Power supplied to CGP/Generating Stations
7	Punjab	Startup Power
8	Tamil Nadu	HT V
9	West Bengal	S(ES)



### 6. KEY JUDICIAL PRONOUNCEMENTS IN MATTERS DEALING WITH TARIFF APPLICABLE TO START-UP POWER CONSUMERS

CIN NO.: Some key judgments from various adjudicating authorities on the subject matter of distinct treatment of start-up power is reproduced below:

**SRINIVASA**

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Order / Judgment Reference	Forum	Findings
Order dated 6.2.2006 In Petition No. 17 of 2001 (M) – in the matter of power of power purchase and related dispensation in respect of Captive Generating Plant	CSERC	<p>6.6....</p> <p>The Commission, however, decides that both the captive as also the non-captive consumers of the CPPs, while paying demand charges including tariff minimum charge, will not be required to pay monthly minimum charges on consumption considering the fact that their requirement of power is to be met from the CPP only and they may take very little power from the licensee/CSEB. Thus such consumers, whether EHV or HT, shall be required to pay tariff minimum charges on the contract demand or the recorded maximum demand, whichever is higher only. This dispensation will, however, be available to these captive/non-captive consumers who avail power both from a CPP and the licensee, on the condition that the supply from the CPP is more than 50% of their requirement in terms of unit consumption. Every captive and non-captive consumer will have to declare that they will be drawing more than 50% of their monthly consumption from the CPP failing which it will be presumed that their power requirement from the CSEB/licensee is more than 50% and they will not get the benefit of waiver of monthly minimum charge on consumption</p> <p>.....</p> <p><b>Tariff for Startup power</b></p> <p>8.4 Taking into consideration all the factors and the petitioner's statement that the consumption of start-up power is not likely to be more than 10% in terms of load factor, the Commission decides to apply the same HV-6 tariff with 50% of the existing demand charge for start-up power for CPP. However to avail this benefit the CPP has to have a contract demand which does not exceed 10% as its highest capacity generating unit and restricts the drawal of power within 10% load factor every month. In case the load factor in a month goes beyond 10%, the CPP will be required to pay the full demand charges. Since the requirement of power will be for short duration, the Commission also decides not to levy any minimum charges on consumption. Billing will be done on actual consumption as per HV-6 tariff or the tariff for this category as may be determined by the Commission from time to time. In order that existing CPPs may avail this facility, they are permitted to reduce their CD to the extent desired, subject to technical feasibility in terms of accurate metering of import and export of power. Such reduction is permitted only once in a year.</p>



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### 7. WHY CREATING A SEPARATE CATEGORY FOR START-UP POWER REQUIREMENT OF CAPTIVE POWER PLANTS IS IMPERATIVE

- It is respectfully submitted that the power requirement of a captive power plant is limited to start-up power from the distribution licensee. This start-up power is availed only in emergencies to start the generation and subsequently may be required during breakdown and unscheduled outage, etc. It is further emphasized that once power is taken by a captive power plant from the grid and the generating unit(s) has started, further drawal of power from the grid may not be required. Hence, the quantum of energy used by a captive power plant over a period may not be substantial. Consumption of power for such purpose is not likely to be more than 10% of the total installed capacity of one of generating units of a captive power plant.
- It is respectfully submitted that by treating the start-up power requirement of captive power plants under HT-1(A) category gives rise to the following anomalies:
  - i. As the name suggests, the nature of demand of captive power plants is only temporary as the same is required only for starting up a plant. Subsequent to a start-up, the grid power is required only in emergencies to start the generation, which may be required during breakdown and unscheduled outage, etc.

#### REQUEST

- a) Approve a separate category for start-up power loads of a captive power plant and remove the criteria of minimum energy consumption charges and remove the demand charges;
- b) Pass necessary orders as may be deemed appropriate in the facts and circumstances of the case in the interest of justice
- c) Permit Shri Girija Alloy & Power (I) Private Limited to participate and make additional submissions and produce details and documentations during the course of the Public Hearings at (Eluru, Guntur, Kurnool, Tirupati and Hyderabad) in the interest of equity.

Thanking you,

Yours truly,

For SHRI GIRIJA ALLOY & POWER (I) PRIVATE LIMITED

AUTHORISED SIGNATORY

