



ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION  
Phone Nos.(040)233976381/399/556 Fax No.(040)23397378

website [www.aperc.gov.in](http://www.aperc.gov.in)

From

Secretary, APERC,  
11-4-660, 4<sup>th</sup> Floor,  
Singareni Bhavan, Red Hills,  
Hyderabad –500 004

To

The Chairman & Managing Director  
APEPDCL, P&T Colony, Seethammadhara  
Visakhapatnam

The Chairman & Managing Director  
APSPDCL, D.No:19-13-65/A,  
Srinivasapuram, Tiruchanoor Road,  
Tirupati – 517 503

Lr.No. E- 205/DD-Dist / 2016 dated 18-02-2016

Sir,

Sub: - APERC –Ferro Alloy Industry – Deration of Contract Demand - Deemed Consumption charges during disconnection period.

Ref: Representation of “A.P Ferro Alloys Producers’ Association” dt:11-01-2016.

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1). “M/s. A.P. Ferro Alloys Producers’ Association” submitted a representation to the Commission regarding deration of contracted demand and raising of 85% deemed consumption charges during disconnection period. In the representation they stated that:

- (i) Ferro Alloy Industry is facing difficult times due to prevailing global recessionary conditions.
- (ii) DISCOMs are not considering their request for deration of Contracted Demand and insisting the consumers to clear the pending bills.
- (iii) Thus by not allowing deration of contracted demand, the DISCOM is subjecting the helpless consumers to pay deemed consumption charges.
- (iv) DISCOMs are raising bills with 85% load factor for disconnected services.

2). The Ferro Alloy Industry appealed to the Commission to issue orders / directions to DISCOMs;

- (i) To permit deration of Contracted Demand with usual one month notice without reference to payment of pending bills;
- (ii) To not raise 85% deemed consumption charges for the disconnection period.

### 3). Deration of Contracted Demand:

The relevant provisions of GTCS are extracted hereunder:

"5.9.4.2 Deration of CMD or Termination of Agreement in respect of HT Supply: The consumer may seek reduction of contracted maximum demand or termination of the HT Agreement after the expiry of the minimum period of the Agreement by giving not less than one month notice in writing expressing his intention to do so. However, if for any reason the consumer chooses to derate the CMD or terminate the Agreement, before the expiry of the minimum one year period of the Agreement, the CMD will be derated or the Agreement will be terminated with effect from the date of expiry of the initial one year period of the Agreement or after expiry of one month notice period whichever is later. The Company can also terminate the HT Agreement, at any time giving one month notice, if the consumer violates the terms of the HT Agreement, or the GTCS or the provision of any law touching the Agreement including the Act and rules made thereunder, and AP Electricity Reforms Act, 1998. On termination of the HT Agreement the consumer shall pay all sums due under the Agreement as on the date of its termination."

It is evident from the clause 5.9.4.2 of GTCS, for deration of Contracted Demand, the eligibility criteria is that the consumer should have availed power supply for a minimum of one year period and shall serve one month's notice. As per clause 5.9.4.2, clearance of pending bills or arrears is not prescribed for deration of Contracted Demand and hence it has to be allowed without any reference to pending bills or arrears.

### 4). Deemed Consumption Charges during disconnection period:

The disconnected service is not a live service. Any consumer cannot consume 85% of the allocated power when the Power Connection is not live and raising the bills with 85% load factor consumption during disconnected period is not reasonable. However, the DISCOMs may levy other charges as per the Tariff Order.

5). The Commission has examined the above two issues and the Commission directs the DISCOMs, to

- i) allow deration of contracted demand without any reference to clearance of pending bills or arrears.
- ii) not levy deemed consumption charges during disconnection period.

Yours faithfully,

  
18.2.2016  
SECRETARY<sub>IC</sub>