

**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 & Tariff applications in respect of Retail Supply Business for the FY: 2015-16 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 SOUTHERN Power Distribution Company of Andhra Pradesh Limited (‘APSPDCL’ or ‘the Company’ or ‘the Licensee’) as the Distribution and Retail Supply Licensee.

In the matter of:

SOUTHERN 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 H.Y.Dora, son of Sri, H.Appayya Dora, working for gain at the Southern Power Distribution Company of Andhra Pradesh Limited do solemnly affirm and say as follows:

- 1 I am the Chairman & Managing Director of APSPDCL, 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 Southern distribution zone in Andhra Pradesh. On December 27, 2000, the Hon’ble Commission has awarded a Distribution and Retail Supply License to APSPDCL, to be effective from April 1, 2001. I am competent and duly authorised by APSPDCL 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 APSPDCL to submit the application, as per Terms and Conditions of Tariff for Wheeling and Retail Sale of Electricity (Regulation 4 of 2005) of APSPDCL for the FY 2015-16 to the Hon’ble Commission.
- 3 I submit that I have read and understood the contents of the appended application of APSPDCL. 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.

**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 & Tariff applications for the Retail Supply Business for the FY 2015-16 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 Southern Power Distribution Company of Andhra Pradesh Limited (‘APSPDCL’ or ‘the Company’ or ‘the Licensee’) as the Distribution and Retail Supply Licensee.

In the matter of:

SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

... Applicant

The Applicant respectfully submits as under: -

1. This filing is made by the **SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED (APSPDCL)** under Section 61 of the Electricity Act 2003 for determination of the Aggregate Revenue Requirement (ARR) and Tariff for the Retail Supply Business for the FY 2015-16.
2. The licensee has given an application before the Hon’ble Commission seeking extension of time for filing ARR for Retail Supply Business & Tariff Proposals for the year FY 2015-16. The licensee faced the following difficulties in finalizing the preparation of ARR for FY 2015-16 :
 - a. Delay in obtaining information from certain generators about the availability of power / fuel which would have a material impact on the overall ARR for the ensuing year
 - b. Bifurcation of the state of Andhra Pradesh had a significant impact on the licensee (s) both in terms of operational area and financial projections –

- i. Changes in operating area of both the distribution licensees resulted in delay in computation of sales forecast and revenues at current tariffs - especially for data pertaining to the newly added areas (i.e. Anantapur & Kurnool Districts for APSPDCL)
 - ii. Arriving at revised transmission and distribution costs in lieu of the changes in power sharing ratio and contracted capacity
 - c. Projection of True-up for Retail Supply Business - As per the Regulation No. 4 of 2005 and the 'First Amendment to (Terms and Conditions for Determination of Tariff for Wheeling and Retail Sale of Electricity) Regulation No. 4 of 2005', retail supply true-up for FY 2013-14 should be based on the audited accounts and the retail supply true-up of the first half of current year (H1 FY 2014-15) should be based on the actual values. However, for calculation of the retail supply true-up, obtaining data/ information from CPDCL (for Anantapur & Kurnool) for FY 2013-14 and the actual data of H1 FY 2014-15 has been delayed.
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 2014-15 & 2015-16 as approved in the Wheeling Tariff Order (Distribution Business Tariff Order) for 3rd MYT control period (FY 2014-15 to 2018-19). In addition, distribution cost for Anantapur & Kurnool districts is being considered as a proportion of the total distribution cost of the erstwhile APCPDCL for 10 month period for FY 2014-15 (17.45% of Rs. 1996.63 Crs.) and full year for FY 2015-16 (17.45% of Rs.2215.69 Crs.).
 - **Transmission Cost:** The licensee has considered the Transmission cost for FY 2014-15 & FY 2015-16 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 2014-15 and FY 2015-16. In addition, 17.45% of contracted demand of the erstwhile APCPDCL for Anantapur and Kurnool circles has been considered for 10 month period for FY 2014-15 and full year for FY 2015-16.
 - **SLDC Cost:** The SLDC Charges have been adopted as per the tariff orders of APTransco dated 9th May 2014. Licensee has projected transmission cost as a proportion of contracted demand of Licensee from the combined state for FY 2014-15 and FY 2015-16. In addition, 17.45% of contracted demand of the erstwhile APCPDCL for Anantapur and Kurnool circles has been considered for 10 month period for FY 2014-15 and full year for FY 2015-16.

- **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 2013-14 the figures considered are as per the actuals. Based on the actuals, the licensee has projected the PGCIL & ULDC charges for FY 2014-15 and for FY 2015-16.
 - **Distribution losses:** The licensee has considered losses as approved by the Hon'ble Commission for the year H2 FY 2014-15 and FY 2015-16 to determine the energy requirement on a month on month basis.
 - **Transmission losses:** The licensee has considered the losses as approved by the Hon'ble Commission for the year H2 FY 2014-15 and FY 2015-16.
 - **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 2015-16 on an yearly basis, instead of the entire control period due to the following reasons:
- i. **Significant uncertainty regarding the availability of energy and cost of power purchase for the 3rd Control Period: 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. **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 2015-16 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 2013-14 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 2014-15 and projections for FY 2015-16.
6. 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 2013-14 and for FY 2014-15 based on H1 of 2014-15. The net revenue gap during the year FY 2013-14 (audited) and FY 2014-15 (projected) has been computed and same has to be recovered from ARR of FY 2015-16.

7. **Summary of the Filing**

Performance Analysis of APSPDCL for the previous year FY 2013-14 and current year FY 2014-15

Performance Analysis: A brief analysis of the licensee business for FY 2013-14 (excluding Anantapur and Kurnool) and FY 2014-15 (including Anantapur and Kurnool for 10 months) is as follows:

• **Sale of energy and loss reduction:**

Particulars	FY 2013-14				FY 2014-15	
	APERC Order		Actual		Present Estimate	
	MU	%	MU	%	MU	%
Metered Sales	13,966.19	67.76%	12,511.00	62.00%	18728.88	62.29%
LT Agricultural Sales	4,478.35	21.73%	5,513.46	27.32%	8276.98	27.53%
Total Sales	18,444.54	89.48%	18,024.46	89.32%	27005.86	89.82%
EHT Sales	1936.31		1,976.53		3715.79	
ADD: Distribution Losses	2167.39	11.61%	2154.66	11.84%	3059.89	11.61%
Total Purchases	20,611.93	100.00%	20,179.12	100.00%	30,065.75	100.00%
Loss Including EHT Sales %	10.52%		10.68%		10.18%	

The licensee has followed the agreed methodology for estimation of agricultural sales for a period H1 FY 2014-15 and has been regular in submitting the required information to the Hon'ble Commission. Further, the licensee is in the process of releasing 65,000 new agricultural connections during FY 2014-15 and 71,500 new agricultural connections during FY 2015-16. In view of this, the licensee requests the Hon'ble Commission to revisit the level of agricultural sales approved for APSPDCL 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 2013-14) and expected to be billed (FY 2014-15) by APSPDCL.

Category Wise Revenue: (Figures shown in Rs Crores)

Category	2013-14 (6districts)		2014-15 (8districts)
	APERC Target	Actuals	Present estimate
HT			
Industrial	3320.41	3044.01	5345.26
Non-Industrial	462.97	417.57	546.91
Aviation	1.03	7.47	26.70
Irrigation & Agr.	32.41	24.97	231.28
Railway Traction	411.15	410.95	459.92

Category	2013-14 (6districts)		2014-15 (8districts)
	APERC Target	Actuals	Present estimate
Colony Lightning	28.39	12.93	21.85
RESCO's	10.29	8.75	11.18
Temporary		0.06	6.63
HT Total	4266.65	3926.70	6649.72
LT			
Domestic	1949.34	1588.41	1961.90
Non-Domestic	1102.58	864.17	1102.19
Industrial	665.15	610.12	802.34
Cottage Industries	12.07	8.54	12.02
Agricultural	20.69	150.77	57.54
Local Bodies	230.66	173.53	253.45
General Purpose	36.04	30.18	48.43
Temporary	1.68	0.91	0.83
LT Total	4018.21	3426.62	4238.70
Grand Total (LT+HT)	8284.86	7353.32	10888.42

- **Power Purchase Cost revised estimate for the state of Andhra Pradesh for FY 2014-15**

During the current year, the state has witnessed power deficit due to the following reasons:

- Reduction in energy availability from gas based IPP's due to the shortage in availability of gas. Availability from these stations has been estimated considering PLF to be around 30% - 44% resulting in energy shortfall.
- Reduction in energy availability from Hydel sources due to shortfall in rainfall, resulting in less water availability in the reservoir. As per the revised estimate, around 3,128 MU of energy is estimated to be available in FY 2014-15.
- Higher quantum of actual agricultural sales than approved agriculture sales has also resulted in a deficit.

Increase in estimated average procurement cost from short term sources (bilateral purchases and Jhajjar Thermal Power Plant) to Rs. 5.95/ unit in H2 FY 2014-15 from Rs. 4.50/ unit as approved in the Retail Supply Tariff Order for FY 2013-14 (for erstwhile AP). Thus, the energy deficit is projected to be 10,525 MU FY 2013-14. Shortfall is being procured from external purchases at an estimated average price of Rs. 5.59/ kWh for FY 2014-15. 12,479 MU is expected to be procured from short term sources during FY 2014-15.

The estimated energy deficit in Million Units (MU) for the current year at the **state level** is as per the table shown below:

Particulars	FY 2014-15
Energy Requirement (MU)	46,996
Energy Availability from Long term sources (MU)	36,470
Deficit (-)	10,525

Also, due to the increase in coal price, transportation cost and use of imported coal, the weighted average power purchase cost in FY 2014-15 has increased to Rs. 4.07/kWh . The Tariff Order approved value was Rs. 3.74/kWh for FY 2013-14 (for erstwhile AP).

The impact of the power purchase cost for SPDCL will mirror the changes in cost for the state since most of the generation sources are allocated on a pro-rata basis to all the licensees.

Gross ARR for FY 2013-14 is Rs 9,430 Crs. Revenue gap from Retail Supply Business is Rs. (90) Crs.

Net regulatory gap for FY 2013-14 (Rs.Crs.)

Rs. Crs	FY 2013-14		
	Approved	Actual	Deviation
ARR Line Item			
Transmission Cost	325	247	(78)
SLDC Cost	9.60	9.90	0.30
Distribution Cost	1,273	1,273	-
PGCIL Expenses	95	128	33
ULDC Charges	6.05	5.90	(0.15)
Network and SLDC Cost	1,709	1,664	(45)
Power Purchase / Procurement Cost	8,106	7,663	(443)
Interest on Consumer Security Deposits	91	90.36	(0.31)
Supply Margin in Retail Supply Business	15	12	(3.05)
Supply Cost	8,213	7,766	(447)
Gross ARR	9,921	9,430	(492)
Revenue	8,053	7,651	(402)
Subsidy	1,868	1,868	0
Total Revenue (incl. subsidy)	9,921	9,519	(402)
Total Gap from Retail Business	0	(90)	(90)

Estimated gross ARR for FY 2014-15 is Rs 14,817 Crs and the revenue gap from Retail Supply Business is Rs. 1,104 Crs. This increase in gap is mainly due to non-revision of tariff during the FY 2014-15.

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

Rs. Crs	FY 2014-15		
	Approved	Revised Estimate	Deviation
Transmission Cost	325	479	154
SLDC Cost	9.60	19	9.4
Distribution Cost	1,273	1,534	261
PGCIL Expenses	95	183	88
ULDC Charges	6.05	8.44	2.39
Network and SLDC Cost	1,709	2,224	515
Power Purchase / Procurement Cost	8,106	12,444	4338
Interest on Consumer Security Deposits	91	137	46
Supply Margin in Retail Supply Business	15	12	-3
Supply Cost	8,213	12,593	4380
Gross ARR	9,921	14,817	4896
			0
Revenue	8,053	10,926	2873
Subsidy	1,868	2,787	919
Total Revenue (incl. subsidy)	9,921	13,713	3792
Total Gap from Retail Business	0	1,104	1104

The Licensee is recovering the net regulatory gap for FY 2013-14 and FY 2014-15 through true-up exercise which has been filed along with this Petition for Retail Supply Business ARR. The total true-up for FY 2013-14 and FY 2014-15 for the Retail Supply Business is Rs. 1014 Crs. The total true-up includes deviation in ARR and revenue components. The Petitioner humbly requests the Hon'ble Commission to consider revenue true-up.

Estimates for the Ensuing Year (FY 2015-16)

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 2013-14 and H1 of 2014-15 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 8 districts are used to project the sales of 8 districts for H2 FY 2014-15 & FY 2015-16. The total sales forecast for key categories is as follows:

Consumer Categories	FY 2014-15 (H1- restricted & H2 -Unrestricted) (In MU)	FY 2015-16 (Unrestricted) (In MU)
L.T. Supply	17009.04	19081.86
Domestic Supply	5716.48	6776.73
Non-Domestic Supply	1237.37	1442.33
Industrial Supply	1201.12	1377.22
Irrigation & Agricultural	8276.98	8829.57
H.T. Supply	9996.82	14608.70
Industrial	7831.70	10309.10
Non-Industrial	594.43	674.33
Total	27005.86	33690.56

The licensee is not considering any load relief in H2 FY 2014-15 and FY 2015-16.

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

Consumer Categories	FY 2014-15 (Restricted) (In MU)	FY 2015-16 (Restricted) (In MU)
L.T. Supply	17009.04	19081.86
Domestic Supply	5716.48	6776.73
Non-Domestic Supply	1237.37	1442.33
Industrial Supply	1201.12	1377.22
Irrigation & Agricultural	8276.98	8829.57
H.T. Supply	9996.82	14608.70
Industrial	7831.70	10309.10
Non-Industrial	594.43	674.33
Total	27005.86	33690.56

Yearly Growth Rate (Comparison of 8 districts):

Consumer Categories	FY 2014-15(H1- restricted, H2-Unrestricted) / FY 2013-14 (restricted)	FY 2015-16 (unrestricted)/ FY 2014-15 (H1- restricted, H2-Unrestricted)
L.T. Supply	8.08%	7.79%
Domestic Supply	8.71%	14.68%
Non-Domestic Supply	5.07%	12.39%
Industrial Supply	11.09%	10.88%
Irrigation & Agricultural	8.07%	2.00%
H.T. Supply	30.22%	41.18%
Industrial	32.90%	26.79%
Non-Industrial	20.34%	11.88%
Total	15.32%	20.11%

Number of hours of Supply to LT Agricultural Consumers in FY 2015-16:

The licensee would like to continue with existing 7 hours of power supply to agricultural consumers in FY 2015-16, keeping in view the power supply situation in the state and the expensive short term power purchase from other states. The deficit situation in the state is expected to continue in FY 2015-16 as per the current estimates without short term power purchase. 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 2015-16, 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 Reorganisation Act, 2014 for bifurcation of united Andhra Pradesh (Central Act No. 6 of 2014, dated 01.03.2014), the districts of Anantpur 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 Anantpur 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), is expected to be commissioned in February 2015 and unit II (800 MW) is expected to be commissioned in April 2015.
- APGENCO – Hydel: Nagarjunasagar Tail Pond Dam Power House plant (50 MW, AP share – 23 MW)) is expected to be commissioned in April 2015.
- CGS - Tuticorin Thermal Power Station's 1st Unit of 500 MW (AP share – 59 MW) is expected to be commissioned by February 2015 and the 2nd Unit of 500 MW (AP share – 59 MW) is expected to be commissioned by March 2015.
- Hinduja National Power Corporation Limited's 1st unit (520 MW) has been considered from April 2015 and the 2nd unit (520 MW) from July 2015.

- In case of availability projections from NCEs, the licensee has assumed additional capacity from wind to be 504 MW and 50 MW from solar for the full year of FY 2015-16.
- 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 41% for the old IPPs. Energy availability from new IPPs is subject to natural gas supply from M/s RIL and therefore, availability has not been considered from these IPPs in the absence of any gas supply from RIL.
- In case of LVS, the licensee has not considered any dispatch in view of the high variable cost of the station.
- It has been assumed that 1,600 MW capacity from bilateral sources is available for the two (2) months of April, May 2015 and 2,000 MW capacity for the remaining months of FY 2015-16. Energy availability considered from bilateral sources for FY 2015-16 is 14,394 MU considering a PLF of 85% at an average price of Rs. 6.10/unit. Energy availability considered from Jhajjar Power Project (short term source) for FY 2015-16 is 1,964 MU. Total energy availability considered from short term sources (bilateral purchases and Jhajjar) for FY 2015-16 is 16,359 MU at an estimated average price of Rs. 5.97/unit.

The estimated energy deficit at the state level (before considering purchases from short term sources) is 5,250 MU as shown in the table below.

Particulars	FY 2015-16
Energy Requirement (MU)	58,191
Energy Availability from Long term sources (MU)	52,941
Deficit (-)	5,250
Purchases from Short Term Sources (Bilateral Purchases and Jhajjar Power Plant)	16,359
Surplus left from Short Term Purchases	11,109

Power Purchase Cost Estimate for FY 2015-16:

- Variable costs for GENCO (Thermal) and CGS stations: A 3% escalation rate has been considered over the actual variable costs during H1 FY 2014-15 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. 4.00/unit for FY 2015-16 as against Rs. 3.74/unit for FY 2013-14 as approved by Hon'ble Commission (for erstwhile Andhra Pradesh). This implies an increase of only 7% increase for a period of two years.

- The estimated revenue gap for the licensee for FY 2015-16 is as follows:

Particulars	FY 2015-16
Aggregate Revenue Requirement (Rs. Crs.)	19940.71
Total Revenue	14569.73
Revenue from Current Tariffs (Net of incentives) (Rs. Crs.)	14415.51
Non - Tariff Income (Rs. Crs.)	154.22
Revenue from Inter State and D-D Sales (Rs. Crs.)	0.00
Revenue Deficit (-) / Surplus (+) at Current Tariffs (Rs. Crs.)	-5370.98
Revenue changed through proposed tariff	820.37
Govt., subsidy envisaged	4,550.61
Net Deficit / Surplus (Rs. Crs.)	0.00

It is expected that Rs.4550.61 Crs. Will be the Govt., subsidy towards LT agricultural, LT-VI (C) NTR Sujala Padhakam and LT Domestic categories.

8. **Tariff Proposals:**

The licensee is not proposing any modifications in existing tariff for LT domestic consumers consuming less than 100 units/month (Category – LT 1(A) & LT 1 (B)) and for all the sub categories in LT-V (Agriculture).

The licensee would like to propose an increase in the Demand charges by 6% and an increase in Energy charges by 6% on existing tariff for FY 2013-14 for all the sub categories in all the categories except for LT- 1 (A) & LT- 1 (B) and LT-V (Agriculture).

A new sub- category “LT-VI(C) - PWS Schemes” under the Category LT-VI is being proposed for water treatment plant under NTR Sujala Padhakam.

9. Based on the information available, the Applicant has made sincere efforts to comply with the Regulation of the Hon'ble 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 reserves the right to file such additional information and consequently amend/ revise the application.
10. This filing has been discussed and approved by the Board of Directors of APSPDCL and Sri H.Y. Dora, Chairman and Managing Director of APSPDCL has been authorised to execute and file the said document on behalf of APSPDCL. Accordingly, the current filing documents are signed and verified by, and backed by the affidavit of Sri H.Y.Dora, the Chairman and Managing Director of APSPDCL.