



## **ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION**

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**FRIDAY, THE FIFTH DAY OF DECEMBER  
TWO THOUSAND AND TWENTY-FIVE**

**(05.12.2025)**

**Present:**

**Sri P.V.R. Reddy,  
Member & Chairman i/c**

In the matter of the First Amendment to the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulation, 2025, **(Regulation No. 6 of 2025)**.

### **Statement of Reasons (SOR)/ Order**

The Andhra Pradesh Electricity Regulatory Commission notified the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulation, 2025 (Regulation No. 6 of 2025) (hereinafter referred to as “the Principal Regulation”), which was published in the Andhra Pradesh Gazette on 12.09.2025. Subsequent to the issuance of the Principal Regulation, the Commission undertook a review of the operating performance of small hydro generating stations in the State and issued a draft amendment proposing to revise the minimum normative Capacity Utilisation Factor (CUF) for such stations to 30%. The draft amendment, along with a Public Notice issued under Section 181(3) of the Electricity Act, 2003, read with the Electricity (Procedure for Previous Publication) Rules, 2005, was hosted on the Commission’s website on 18.11.2025, inviting comments, suggestions, and objections from all stakeholders and interested parties. The Commission received **three** comments/objections in response to the Public Notice.

The relevant comments/suggestions/objections received, along with the Commission’s analysis and decisions thereon, are as follows.

**Comments/suggestions/objections received and the Commission's analysis and decisions on the same**

- i. **Clause 27 of the Principal Regulation shall be substituted with the following:**

**Draft**

*"It shall be project-specific and shall not be less than 30% (Project specific)."*

**Objections/views/comments**

**The Small Hydro Power Developers Association (SHPDA), May Encons Pvt. Ltd. and Prakriti Tecnics India Pvt. Ltd.** submitted that the proposed substitution of Clause 27 may be retained as proposed in the draft. The stakeholders stated that the proposal is consistent with the CUF norms stipulated under the CERC (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulations.

They further submitted that for mini and small hydro projects, no ceiling should be imposed on CUF or PLF, nor any penal deductions applied. They stated that tariff determination should permit payment for the entire quantum of energy delivered, including energy generated in excess of the CUF/PUF, in line with ICE policy 2024 and CERC Tariff Regulations, keeping in view that uncertain rainfall patterns, reservoir operations, and water-release decisions of the concerned Department are not under the control of the generator. Such limitations prevent full utilisation of the hydrological potential available at the site.

**Commission's analysis and decision**

After careful examination of the submissions and in exercise of the powers conferred under section 94(f) of the Electricity Act, 2003, read with clause 55 of the APERC Conduct of Business Regulations, 1999, in line with ICE policy 2024 and CERC Tariff Regulations, 2024, the draft is modified as below.

*"It shall be project-specific and shall not be less than 30% (Project specific)."*

*Notwithstanding clause 10 of this Regulation, in case a small hydro project, in a given year, generates energy in excess of the capacity*

*utilisation factor or plant load factor, as the case may be, the tariff for such excess energy shall be equal to the tariff applicable for that year.”*

## **ii. Other Suggestions**

**The SHPDA, May Encons Pvt. Ltd., and Prakriti Tecnics India Pvt. Ltd.** submitted that restricting payment to the quantum capped by the PPA-computed annual operating hours is inappropriate for small hydro projects, which may operate above their rated capacity depending on water availability. They therefore sought the removal of limitations that prevent compensation for the additional energy delivered.

They also requested the removal of the Monthly Delivered Energy restriction, explaining that hydrology-dependent schemes such as balancing-reservoir and canal-drop projects experience continuously varying head and discharge. The rated capacity of such projects is based on design discharge and net-head duration curves and does not necessarily represent the maximum achievable generation potential. It was submitted that machinery is often designed with overload capability to tap peak hydrological conditions; therefore, the project should be permitted to generate to its maximum extent whenever water is available, without being constrained by monthly energy caps.

### **Commission’s analysis and decision**

It shall be noted that the current Regulation does not contain any provision imposing a Monthly Delivered Energy restriction, nor does it prescribe a ceiling on the quantum of energy for which tariff is payable, except to the extent of normative CUF, which has already been addressed above. The restrictions stated by the stakeholders arise primarily from the terms and conditions of the PPAs, which represent mutually agreed obligations between the contracting parties. Therefore, modification of such PPA provisions falls within the framework of contractual renegotiation and does not, by itself, necessitate amendment of the Regulation. Further, this Regulation neither prevents a small hydro generating station from injecting energy above its rated capacity during periods of favourable hydrology, nor restricts payment for such delivered energy. Accordingly, the Commission finds no requirement to amend the Regulation in respect of the concerns raised.

The list of objectors is shown in **Annexure I**, and the finalised Regulation is shown in **Annexure II**.

**Sd/-**  
**Sri P.V.R.Reddy, Member**  
**Member & Chairman** <sub>i/c</sub>

**Annexure I**  
**List of Objectors**

<b>Sl.</b>	<b>Name of Stakeholders</b>
1.	Small Hydro Power Developers Association (SHPDA).
2.	May Encons Pvt. Ltd.
3.	Prakriti Tecnicos India Pvt. Ltd.

## **Annexure II**

### **First Amendment to the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulation, 2025, (Regulation No. 6 of 2025)**

#### **Regulation 12 of 2025**

#### **Introduction**

The Andhra Pradesh Electricity Regulatory Commission notified the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulation, 2025 (Regulation No. 6 of 2025) (hereinafter referred to as “the Principal Regulation”), which was published in the Andhra Pradesh Gazette on 12.09.2025. Subsequent to the issuance of the Principal Regulation, the Commission undertook a review of the operating performance of small hydro generating stations in the State and issued a draft amendment proposing to revise the minimum normative Capacity Utilisation Factor (CUF) for such stations to 30%. The draft amendment, along with a Public Notice issued under Section 181(3) of the Electricity Act, 2003, read with the Electricity (Procedure for Previous Publication) Rules, 2005, was hosted on the Commission’s website on 18.11.2025, inviting comments, suggestions, and objections from all stakeholders and interested parties. In response, stakeholders have provided a few suggestions. After careful examination of the suggestions as detailed in the Order dated 05.12.2025, in exercise of the powers conferred under Sections 61, 62, 86(1)(b) read with Section 181 of the Electricity Act, 2003 and all other powers enabling in this behalf, the Commission hereby issues the first amendment to Regulation 6 of 2025 as follows.

#### **1. Short Title, Extent, and Commencement**

- (1) This Regulation shall be called the First Amendment to the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulation, 2025 (Regulation No. 6 of 2025).
- (2) This Regulation shall extend to the whole of the State of Andhra Pradesh.
- (3) This Regulation shall come into force on the date of its publication in the Andhra Pradesh Gazette.

**2. Clause 27 of the Principal Regulation shall be substituted with the following**

*“It shall be project-specific and shall not be less than 30% (Project specific).*

*Notwithstanding clause 10 of this Regulation, in case a small hydro project, in a given year, generates energy in excess of the capacity utilisation factor or plant load factor, as the case may be, the tariff for such excess energy shall be equal to the tariff applicable for that year.”*

**(By Order of the Hon’ble Commission)**

**Place: Kurnool**  
**Date: 05.12.2025.**

Sd/- 05/12/2025  
**P.KRISHNA**  
**Commission Secretary i/c**