ANDHRA PRADESH CHAMBERS OF COMMERCE AND INDUSTRY FEDERATION

40-1-144, 3RD FLOOR, Corporate Centre, M.G Road, Vijayawada - 520010

Our Statement with comments, suggestions, observations & objections

In the matter of ARR & Tariff proposals for Retail supply Business

For FY 2024-25 filed by APDISCOMS in OP 71, 72 &73 of 2023

January 5th 2024

ON ARR &Tariff Proposal for Retail Supply Business FY 2024-25

In OP. 71, 72, 73 OF 2023.

1.0 **PRELIMINARY NOTINGS**

The above three petitions of the three APDISCOMS are together 680 pages of reading material, tables and RSF Formats. And yet regrettably short of information in spite of a lot of formats, for meaningful analysis and is not conforming to the requirements of Regulation 4 of 2005.

1.1 **CLAUSE 5 of the Regulation states about "Segregation of Accounts into Distribution and Retail Supply "The Honorable Commission in several of previous T.O.'s have given directions to separate accounts and confirm. It's not understandable why, 18 years after the Regulation, this is not being adhered to or enforced. We Industrial consumers apprehend that we are carrying the burden of disproportionate fixed cost in our two-part tariff in the form of Demand charges. We request that Commission in fixing the MYT for 5TH Control period for distribution direct the DISCOMs suitably.**

1.2 **CLAUSE 6.4 (a) &6.4(b) stipulates that '*…….The power purchase costs shall also include the transfer price of own generation for the supply business in line with the power procurement Plan approved by the commission as part of the Distribution Licensee's Resource plan ."* The DISCOMS have it appears presumed approval to their Petition on "Load forecasts, Resource plans, and Investment plans and State Electricity Plan". THERE IS NO APPROVAL FROM THIS COMMISSION for this primary BASIS for arriving at the ARR FY 2024-25.**

1.3 CLAUSE 11 lays down "The principles for computation of Aggregate Revenue Requirement (ARR).

- **MAIN ITEMS OF ARR**
  - **a. Cost of power procurement.**
  - **b. Transmission charges**
  - **c. SLDC cost.**
  - **d. Distribution cost.**
  - **e. PGIL AND ULDC Costs.**

  (b to e are the Network costs)

  We pray and submit the Network costs are only the opening balance figures of the DISCOMS which have NOT BEEN TRUED UP as these costs are based on 4TH CP & NOT TRUED UP.

  The power purchase costs are based on the Load forecasts, based on IN CORRECT AND UNSATISFACTORY SALES FORECASTING METHODS and for reasons cited in paragraph 1.2 and also the basis suffers from a presumption of approval of this COMMISSION.

1.3 **CLAUSE 16.1 AND 16.2 INVESTMENT PLAN requirements have not been met in this petition by the DISCOMS, thus the basis of cost of capital, capitalization, depreciation costs are at best a presumption.**

1.4 **CLAUSES 21. PERIODIC REVIEW. The clause highlights its need and read with CLAUSE 10; the purpose is clearly for Performance review and efficiency drive. We are unaware of any such compliance and we request the DISCOMS to present in their website any such report.**

1.5 **CLAUSE 22.END OF THE PERIOD REVIEW.**
We have raised this matter of LACK of review of PREVIOUS PERIOD /PLANS in our submissions on LOAD FORECASTS, SALES FORECASTING and we PRAY AND HOPE that this matter is getting the necessary attention of this HONORABLE COMMISION.

We submit that these ARR PETITIONS in OP 71,72,73 suffers the vice of non compliance of REGULATION 4 of 2005 AND THUS Vitiating the essential requirements and we PRAY that this commission would order the DISCOMs to submit their 4th CP TRUE-UP and the STATUS OF 4TH CP INVESTMENT PLAN AND APPROVED PROJECT WISE STATUS AS PER CLAUSE 22.1 AND 22.2. AND SUBSEQUENTLY THE ARR for FY 2024-25 & MYTs for 5th CP MAY BE HEARD. This we pray would serve the interests of justice to the consumers at large.

We are handicapped to make meaningful analysis of the data submitted as they all are infirm, for reasons cited.

We shall submit a few observations which are not clear and seem questionable to us.

2.0 **<u>AGRICULTURAL SALES IN THE STATE</u>**

We submit that there is cause for AGRICULTURE SALES TO BE MANAGED by a separate DISCOM, call it AGRI-DISCOM. Our arguments are

- **Our submissions herein are with respect to LT Agriculture Sales or consumption. We submit that, as per the DISCOMs revised estimate of sales for FY2023-24, LT Agricultural sales for all the DISCOMs is 12457 MU ,17.67% of the total sales of 70,491 MU.**
- **It will be stating the obvious that at Agriculture Sales is the best, an estimate, OR PERHAPS A GUESS WORK. We have noted that <u>each of the DISCOM have adopted different method to estimate the quantum of LT-V Agriculture sales. We request this Honorable Commission to direct the DISCOMs adopt a uniform methodology</u>. In- fact As the DISCOMs will agree that the directive of THIS COMMISSION FOR 100% METERING IS LONG OVERDUE.**
- **More so now since the government policy of DBT to Farmers, metering is mandatory.**

- **Further as can be seen in the tables in the next page, LT –V Sales are skewed across the state with 65% (8048 MU) of the total of 12,457 MU is in SPDCL, the other two DISCOMS sharing the balance almost equally. Consequently, it appears that the distribution losses is disproportionately high in SPDCL at 2317 MU (42.9%) of the total 5398 MU COLLECTIVELY AMONGST THE DISCOMs. As IS STATED ELSEWHERE IN THIS DOCUMENT AGRICULTURE SALES IS NOT 100% Metered and thus at best a guess, a situation where inefficiency of technical and commercial losses (an euphemism for theft? Pardon me) can be swept and hidden under the corporate carpet.**
- **Presently the Distribution losses for FY 2023-24 are estimated at 7.1% of the input at the DISCOM periphery. For efficiency and transparency besides DBT policy, there is urgency for 100% metering. For every 500 MU losses reduced by close measured monitoring, saving are Rs350 CR and consequential CO_2 emissions OF 0.82 KGS/KWH. Thus 500 MU of energy saved thus not generated means 410 Million KGS of CO_2 not emitted into the atmosphere, thereby avoiding Ozone layer depletion to that extent.**
- **One of the major objectives of electricity reforms was/is enabling regulation conducive for a competitive environment.**
  One major outcome of separating metered sales and unmetered sales into separate DISCOMS, will creating be a uniform level playing field for the metered sales DISCOMs. Thus, DISCOMs can be subject to scrutiny for performance on same indexation, an efficiency driver.

40-1-144, 3rd Floor, Corporate Building
Hotel Fortune Murali Junction, M.G. Road, Vijayawada - 520 010
Vijayawada - 0866 248 2888, 99120 92222, Guntur - 91212 21475
Visakhapatnam - 91212 21477, Tirupathi - 91212 21474
Email: federation@apchamber.in, federationvisakha@apchamber.in | Website: www.apchambers.in

Energy Sales as estimated by DISCOMs for FY2023-24 in OP71,72,73 of 2023.

Sales category	SPDCL	% Of Sales category	EPDCL	% Of Sales category	CPDCL	% Of Sales category	Total Sales Of state	%
Metered sales In MU	19504	65	25550	86	12980	79	58034	76.5
Unmetered Sales Agriculture LT-V in MU	8048	27	2314	8	2095	13	12457	16.4
Total Sales In MU	27552	92	27864	94	15075	92	70491	92.9
DISCOM Losses In MU	2317	8	1771	6	1310	8	5398	7.1
Input energy at DISCOM periphery	29869	100	29635	100	16335	100	75889	100
% input of total Input energy of the State	39.4		39		21.6		100	

A comparative study of Metered sales, Agriculture sales and distribution losses DISCOM WISE

DISCOM	Metered Sales MU	% DISCOM Wise	Agriculture LT-V Category Sales in MU	% DISCOM Wise	DISCOM Distribution Losses in MU	% DISCOM Wise
SPDCL	19504	33.6	8048	64.6	2317	42.9
EPDCL	25550	44	2314	18.6	1771	32.9
CPDCL	12980	22.4	2095	16.8	1310	24.2
TOTAL	58034	100	12457	100	5398	100

REMARKS

1. **Both the tables have extracted from the data in the OPS 71, 72 AND 73 OF 2023.**
2. **For comparison the losses % is inclusive of EHT sales.**
3. **SPDCL has 64.6% of the sales to the LT-V CATEGORY.**
4. **At the state level LT-V is 16.4% sales of the input whereas it is 27% for SPDCL.**

3.0 The mystery of Constant tariff but ever increasing power purchase cost and network costs.

We are showing a table given by APSPDCL in page vi of their petition tabled as "Average Revenue Realized VS Average CoS break up for APSPDCL in FY2023-24.

This Table is specific for APSPDCL, BUT equally applicable for all DISCOMs with inexplicable burgeoning CoS.

Particulars	FY 2023-24 Approved Rs/unit	FY 2023-24 Projected Rs/unit	FY2024-25 Projected Rs/unit
Power purchase Cost	4.32	5.13	4.69
T&D Loss cost	0.45	0.62	0.57
Network cost	2.50	2.28	2.39
Other cost	0.26	0.27	0.32
COST OF SERVICE (Cos)	7.53	8.29	7.97

- **The Power purchase cost is projected (or is it estimated?) to increase from the approved Rs4.32 to Rs 5.13, a 18.75% increase. There is no explanation for this. Is this FPPCA or some other factor? Even the PP for FY2024-25 at Rs 4.69 per unit appears high.**
- **The T&D cost increase of 37.77% is an increase in "controllable cost" and but should consumers be victimized despite even increasing asset creation and increasing O&M. This requires scrutiny and without a TRUEUP PETION for 4th CP, WE SUBMIT, SHOULD BE REJECTED.**

- **Even the proposed T&D cost at Rs 0.57 is a claim that requires scrutiny and on the face of it appears exaggerated.**
- **We had pointed that the Network costs are too high even last year. We are trying to make sense of no data, no true-up and will try to reason our objections with facts in our additional submissions.**
- **The mystery of CoS Going up but no Tariff hike in the Tariff order continues, but not surprised as we know hikes in Tariff from FPPCA and disproportionately high demand charges are being foisted on the INDUSTRIAL CONSUMERS.**

4.0 <u>Petitioners proposal gives an impression to overlook the compliance requirement of MYT for the 5TH Control period for RST.</u>

- **The very purpose of MYT Regulation is to provide a certain degree of predictability and regulatory certainty in Tariff. However, over the years the DISCOMs have avoided the multiyear tariff principles for reasons of uncertainty of power purchase cost, demand and several other reasons.**
- **The Honorable have given the permission to file ARR for RST yearly which is in their powers to do so. But the purpose of Multiyear Tariff regulation was defeated.**
- **We have pleaded even last year that at least from 5TH CP including RST, ARR Should be under multiyear tariff principles as provided for under the Regulation 4 of 2005.**
- **But it have quoted previous years permissions' and say that as per proceedings No8/T-100/2023 DATED 10-10-2023 they filing the ARR & FPT filing for retail supply for FY 2024-25.**
- **If indeed such a permission was granted, it is extremely regrettable and to the Honorable we can only express our anguish that again a regulatory requirement is being condoned. We request that this be reconsidered.**

40-1-144, 3rd Floor, Corporate Building
Hotel Fortune Murali Junction, M.G. Road, Vijayawada - 520 010 | Vijayawada - 0866 248 2888, 99120 92222, Guntur - 91212 21475
Visakhapatnam - 91212 21477, Tirupathi - 91212 21474
Email: federation@apchamber.in, federationvisakha@apchamber.in | Website: www.apchambers.in

5.0 We some more objections for which we request permission to file our detailed objection in next few days as the data provided is not in EXCEL but PDF, so requires some data tracing from the voluminous data.

OUR PRAYERS

1. The DISCOMS should be directed to file their petitions in Multiyear control period FOR FY2024-29 as per Tariff regulations.
2. The Licensees be directed to file the true-up filings for 4th CP and be put to hearings and after these orders the 5TH CP petitions be considered.
3. We have submitted that transmission and network costs are too high and should scrutinized for details.
4. In view of stabilized coal prices, power purchase prices escalations are not tenable.
5. The cross subsidizing category continues to be penalized and the trajectory of this is at its peak over the years and not easing downwards as the ACT provides for.
6. The 33kv industrial consumers CoS and 132 kv CoS is much less than the Tariff difference between these class of consumers. Hence the 33 KV consumers are being discriminated against. Our analysis will be submitted.
7. Load factor incentives be re-introduced for battling the recessionary trend in energy intensive sectors.
8. We be permitted to make additional submissions and allowed to present our case during the virtual hearing and seek your permission to permit Mr. R. SHIV KUMAR TO PRESENT OUR OBJECTIONS.

Thanking you,
Yours sincerely,

B. Raja Sekhar
General Secretary

40-1-144, 3rd Floor, Corporate Building
Hotel Fortune Murali Junction, M.G. Road, Vijayawada - 520 010
Vijayawada - 0866 248 2888, 99120 92222, Guntur - 91212 21475
Visakhapatnam - 91212 21477, Tirupathi - 91212 21474
Email: federation@apchamber.in, federationvisakha@apchamber.in | Website: www.apchambers.in