



SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED
19-13-65/A, Vidyut Nilayam, Srinivasapuram, Tirupati (www.apspdcl.in)

From

The Chief General Manager,
RAC & IPC, APSPDCL, 19-13-65/A,
Vidyut Nilayam, Srinivasapuram,
Tirupati – 517501.

To

Sri Kumara Swamy. K., DGM-Electrical
Amara Raja batteries Limited,
Corp Office: Terminal A, 1-81/1 AMR/NR,
Nanakramguda, Gachibowli. Hyderabad -32.

Lr No. CGM/RAC&IPC./SPDCL/TPT/GM/RAC/F.ARR.Rep.(32) /D.No. 57 /24 dt. 17 -01-2024

Sir,

Sub :- APSPDCL/TPT – RAC – Replies to objections raised by Sri Kumara Swamy. K on ARR & Tariff Proposals - Regarding.

Ref:- Party's representation received dt.08-01-2024

Referring to the objections raised by Sri Kumara Swamy. K on ARR and FPT filings for Retail Sale of Electricity for FY 2024-25, the reply is furnished as hereunder.

1) Tariff for HT consumers:

While we extend our sincere thanks to APSPDCL for maintaining no change in base unit rate, we also would request Hon'ble APERC to advise APSPDCL to come up with an action plan to reduce unit rate for HT consumers. HT consumers are continue to burden with every challenge being faced by DISCOM as well as by the consumer market. This will help to combat the competitions and business challenges and further to boost the economy of the state/country.

Reply : The power purchase cost, transmission and PGCIL, distribution costs are increasing over the years. In spite of the cost pressures, the tariff rate for HT consumers has remain constant since the last few years.

2) Creation of separate sub-category under HT III (C):

- AP DISCOMs requested the Commission to create a sub-category under HT – III (C) for Energy Intensive Industries specifically to vertically integrated PV Solar modules manufacturing industries allocated under Production linked incentive (PLI) scheme and adopt fixed tariff of Rs. 4.00 per unit from the commencement of production, on the power consumed from DISCOMs. This fixed tariff includes demand charges, energy charges, and Time of Day (ToD) charges.
- The said tariff is less than the average cost of service. This has a considerable gap in the unit rate between HT-III (C) and the consumers falling under rest of the category.
- APDISCOMs proposed this change in response to Government Orders issued by the Government of AP. Whereas, we are not able to find on how the Govt. of AP / Govt. of India compensates the said gap.
- No mention of the source of compensating the subsidy for electricity consumption by consumers under this newly proposed category. We are worried that the rest of the categories are burdened with the gap. This will result in one or the other category in terms of trueup charges, FPPCA, etc, which is additional burden on other category consumers. We strongly object the creation of this new category, until bringing-in a mechanism for compensating the said subsidy to DISCOMS, in order to avoid burdening the other category of the consumers.

Reply : As the tariffs for other categories have remained unchanged, the reduced charges for HT Cat-III (C) Energy Intensive Industries will cause an increase in the revenue gap which is likely to be bridged by the subsidy to be provided by the Govt. of A.P as per the orders of the Honourable APERC.

3) **Grid Support Charges:**

We would like to place the below facts and objections for your kind perusal and consideration:

- a. RE power generation is the need of the hour in line with the India's commitment to combat the climate change. India's thrust on renewable energy & Net zero emissions, reflects its commitment in addressing both energy security and environmental sustainability, while promoting economic growth and development. On the other side, many low-carbon technologies are complex and expensive to implement.
- b. RE Captive plants emerged in different kind and source of energies in the recent past, with in the frame work of the regulations available from time to time. Solar and wind energy is taking momentum in line with county's initiatives for sustainability and Net zero emissions. Industrial category consumers are constantly exploring the possibilities and adding RE power in their consumption by carefully considering the statutory and regulatory provisions. After commissioning the plants, any new charges levying on the RE generation plants is majorly impacting the business metrics and sustenance is challenging. Grid support charges is one among them and we object levying these charges for RE power generating plants.
- c. Revisit the facts of the common order by Hon'ble APERC on Review petition No.5 of 2022 in O.P.No.124 of 2021:
 - i. Point No.12 of page No.11 of the common order by Hon'ble APERC refers to the judgement dtd.08.10.2015of the Hon'ble APTEL in appeal No.167 of 2014.
 - ii. Hon'ble APTEL refers to parallel operation of grid and captive plant. Further, with an in-depth examination of the stated advantages from point No. 17, subclause Nos. i to viii of Hon'ble APTEL order dtd. 18.02.2011in appeal No 120 of 2009, these points are purely on technical grounds, and also mentioned the fault current capability of CPP and tripping of CPP generator, from which it is very clear that it is a co-located captive plant.
 - iii. Whereas, when it comes to a RE captive power plants, solar captive generating plants in particular which operates on Open Access agreement with AP Transco are completely different in nature. OA plant means the plant is situated away from the captive user loads. And that the conditions mentioned above are not applicable. Because, the captive user loads will continue to operate in isolation with or without such captive plant. No advantage from the conditions referred by Hon'ble APTEL is necessary to avail by such solar captive generating plants.
 - iv. It is also fact that the solar captive generating plant houses solar inverters that works with high frequency switched pulse width modulation (PWM) technique to convert DC energy from solar photovoltaic panels to AC energy. This is accomplished by taking sampling of the grid frequency as reference to switch the converter devices. This technique make sure of the synchronization with grid for every given cycle. While doing so, it also makes sure that the injected power is exactly in phase with the grid cycle and no lagging w.r.t grid voltage / current. Also, this PWM switching in conjunction with RC filters is responsible for control of both current and voltage harmonics distortion.
 - v. These solar power plants are generating the power near unity power factor, which makes the grid stable. In this way this power plants are giving advantage to grid but not taking any advantage from the grid.
- d. In the aforementioned context, we would like to bring to your kind notice and request your good selves to
 - i. examine the Generation & usage pattern of RE power by the captive user who are on open access.
 - ii. to review the burden on transmission network with the said **RE captive** energy with respect to point No.17, subclause Nos. i to viii of Hon'ble APTEL order dtd. 18.02.2011 in appeal No 120 of 2009.

Applicability of grid support charges needs to establish correct ground for the solar captive plant that operate on open access, either on STOA/LTOA. This is objectionable and request Hon'ble APERC to examine matter and to take away the grid support charges for such solar energy captive plants.

Reply : In the Tariff Order for Retail Sale of Electricity for FY 2022-23, it is stated that, confining the levy of GSC only to captive power plants does not provide for a level playing field as other generators connected to the grid also enjoy the same benefits as that of CPPs and accordingly it was decided to bring other generators, except those having PPAs with DISCOMs under the ambit of GSC.

4) Continuation of Load Factor Incentive Scheme:

Load Factor Incentive has been discontinued since FY2021-22, which is one of the discouraging factors for more power utilization from DISCOM. Whereas, CERC recommended to extend the peak energy generation incentive for generating stations. Having continued this support from DISCOM, the HT consumers have increased chance of depending on DISCOM's power and the power purchasing from open market would have curtailed to that extent. We therefore, request the Hon'ble Commission to issue suitable orders to continue the Load Factor Incentive Scheme again in the Retail Supply Tariff Order for the Financial Year 2024-25 for the survival of HT Consumers and for the financial benefit of DISCOMs.

Reply : The incentive is being provided to the HT Industry consumers during the off peak period and same is continued in the current ARR filings. Hence there is no need for separate load factor incentive.

5) Post approval of tariff order, Hon'ble commission approved the below charges since 2021 to 2023:

1. True up charges for the control period 2014-15 – 2018-19: Rs.0.23/unit – 4.26% of normal unit rate.
2. FPPCA of Rs.0.50/unit – 9.26% of normal unit rate.
3. Electricity duty Rs.0.94/unit for industrial consumer – 17.41% of normal unit rate.

While ARR is filed by DISCOMs ahead of every financial year, and after public hearing the tariff order is approved by Hon'ble commission. If this exercise is correct, arising a situation to levy the above said (point No.1 to 3) charges out of tariff order should not have come in the consecutive year. Such an uncertainty on energy charges impacts the business prospects of industrial consumers and will have serious volatility in the balance sheet year-on-year. Also, the present consumers cannot be burdened towards the benefit of low unit cost passed and enjoyed by the consumers during the period mentioned in point No.1 above. It is highly objectionable on the approach of levying such charges over and above tariff order to the extent of ~14% on energy supply in previous period and ~17% in ED. It is requested hon'ble APERC to fix the unit rate in tariff order and remove the charges that are levied over and above the tariff order.

Reply : The true-up charges are levied in accordance with the regulations and orders of the Honourable APERC in order to recover the variation in distribution cost for the period from FY 2014-15 to FY 2018-19. The FPPCA is being levied as per the Regulations. The electricity duty is being levied as per the orders of the Govt. of A.P.

Further, it is to inform that, the Honorable APERC is conducting public hearings on ARR filings for FY 2024-25 & Distribution Business for 5th control period through video conference from Conference Hall, APEPDCL, Visakapatnam. The hearings will be held in respect of all the three DISCOMs on 29-01-2024, 30-01-2024 and 31-01-2024 from 10.30 AM to 1.00 PM and from 2.00 PM to 4.30 PM. APSPDCL has facilitated Video Conference at all offices of Superintending Engineer / Operation at district headquarters and at all remaining offices of Executive Engineer / Operation. Specification of the date and time for objector is under the purview of Honourable Commission.

Yours faithfully



Chief General Manager / RAC & IPC

Copy submitted to the Secretary, APERC, 11-4-660, 4th Floor, Singareni Bhavan, Red Hills, Lakdikapul, Hyderabad-04