

**BEFORE THE ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
#11-4-660, 5 th Floor, Singareni Bhavan, Red Hills, Hyderabad – 500 004.**

O.P. of 2009

In the matter of:

Application for **determination of Generation tariff** for FY 2009-14 for APGENCO, under Section 62 of the Electricity Act' 2003

And in the matter of:

**Andhra Pradesh Power Generation Corporation Limited,
Vidyut Soudha, Hyderabad – 82. Applicant**

Vs

- 1. Central Power Distribution Company of Andhra Pradesh Ltd.,
Singareni Bhavan, Red Hills, Hyderabad – 500 004.**
- 2. Eastern Power Distribution Company of Andhra Pradesh Ltd.,
P&T Colony, Seethammadhara, Visakhapatnam 530020.**
- 3. Northern Power Distribution Company of Andhra Pradesh Ltd.,
1-1-503, NIT Main Road, Chaitanyapuri, Kazipet, Warangal-506 004.**
- 4. Southern Power Distribution Company of Andhra Pradesh Ltd.,
Srinivasa kalyana mandapam Backside, Tiruchanoor Road, Kesvayana Gunta,
Tirupati-517 501.**

. Respondents.

**APPLICATION U/S 62 / 64 ELECTRICITY ACT 2003
FOR DETERMINATION OF GENERATION TARIFF FOR FY 2009-2014**

1. Andhra Pradesh Power Generation Corporation Limited (APGENCO) herein after called the Applicant established after unbundling of APSEB on 1st February 1999 under the Companies Act 1956. In exercise of the powers conferred under sections 23, 24 and 25, the Government of Andhra Pradesh issued the Andhra Pradesh Electricity Reform (Transfer Scheme) Rules, 1999 issued in G.O.Ms. No. 9, Energy (Power-III), dt.29.01.1999 which was amended subsequently by G.O.Ms. No. 11. Energy (Power-III), dt.31.01.2000. In terms of the aforesaid statutory transfer scheme certain assets, liabilities, personnel and proceedings of erstwhile APSEB, which had vested in the State Government coming into force of the Reform Act, stood transferred and vested in APGENCO on the values, terms, conditions and consequences provided therein. The aforesaid transfer and vesting were binding on all, without any exception or recourse to anyone.
2. APGENCO has entered Power Purchase Agreement (PPA), with APTRANSCO valid up to 31st March '2001. Subsequently the PPA for 2001-2002 was also entered into with the APTRANSCO and the Hon'ble Commission had accorded its consent. For the year 2002-2003, the Hon'ble Commission passed an order dated 24.3.2003 under the provisions of the Reform

Act directing the APTRANSCO to re-draft and submit the PPA incorporating terms and directions as directed by the Commission. By order dated 15.3.2004, the Hon'ble Commission was pleased to make some modifications in the matters relating to tariff and the tariffs were also made applicable for the subsequent financial years up to the financial year ending on 31.3.2006. Though no revised PPAs were executed and submitted by the APTRANSCO/APPCC (Discoms) to the Hon'ble Commission, the APGENCO had sold the entire energy generated by APGENCO and the APTRANSCO/DISCOMs have purchased the same in terms of the aforesaid orders passed by the Hon'ble Commission.

3. APGENCO's application for determination of generation tariff for the years 2006-2007, 2007-08 & 2008-09 for sale of electricity to the four Distribution Licensees in Andhra Pradesh and the filings against O.P.No 27 of 2006 & O.P.No.4 of 2007 are pending before Hon'ble Commission.
4. The Applicant is proposing station-wise fixed costs for the control period 2009-14 in respect of all existing power generating stations and stations that are programmed to be commissioned by 31.3.2010. The Applicant has adopted a methodology as set out hereunder for the purpose of arriving tariff.

Parameters of Tariff Determination

1. Return on Capital Employed (RoCE)

For the purpose of arriving stationwise RoCE the following methodology has been adopted.

A. OLD STATIONS

(a) Capital Employed:

- The gross fixed assets at the end of financial year.
- *Plus* proposed additions during the succeeding Financial year
- *Bifurcation* of gross fixed assets at the end of financial year(31.3.2009) into 70:30 Debt Equity
- Minus the cumulative accumulated depreciation claimed in Tariff upto previous year.
- Plus working capital arrived as per Annexure

(b) Rate of Return:

- 12.5% for Capital Loans (present rate of interest charged by PFC and REC)
- 12.25% for Working capital Loans (present prime lending rate of SBI)
- 16% for 30% Equity component. (Presently as allowed by APERC)

The rate of return proposed is 15%. The additional interest on pension and gratuity bonds over and above the estimated projection has to be allowed based on actuals.

The details of the RoCE for 2009-14 have been furnished at Annexures – I A

B. NEW STATIONS

(a) Capital Employed:

- The gross fixed assets as on CoD
- *Plus* proposed additions during 2008-09
- *Bifurcation* of gross fixed assets into 70:30 Debt Equity
- Minus the cumulative accumulated depreciation claimed in Tariff if any.
- Plus working capital arrived as per Annexure

(b) Rate of Return:

- 12.5% for Capital Loans (present rate of interest charged by PFC and REC)
- 12.25% for Working capital Loans (present prime lending rate of SBI)
- 15.5% for 30% Equity component

The rate of return proposed is 13.5%.

The details of the RoCE for 2009-14 have been furnished at Annexures – I B

2. Depreciation

Depreciation has been calculated on the assets available at the end of respective financial year as per the rates prescribed by the Government of India in the notification dated 29.3.1994.

The details of depreciation are furnished in Annexure – II. The station-wise depreciation indicated in Annexure – include the distribution of depreciation on Head Quarters and Civil & Investigation over all the existing stations.

3. Operation & Maintenance Costs

The average of actual O&M expenditure for the years 2003-04, 2004-05 & 2005-06 is taken as base stationwise for the year 2004-05. This has been escalated at 4 % per annum to arrive at the station-wise O & M cost for the respective years. This includes the commitment arising due to pay revisions effects as on 1.4.2006 & 1.4.2010.

Administration and General Expenses, Regulatory fees and other costs have been distributed proportionately station-wise as per the generation capacity (Annexure III).

4. Interest on Working Capital

The details of interest on working capital are furnished in Annexure – IV.

5. Inter State Power

The Hydro stations at Tungabhadra Dam and Machkund are Joint projects by the State Government of AP with the State Governments of Karnataka and Orissa respectively and are being operated by the Applicant. The State's share of power generated from these stations is supplied to the DISCOMs

of the state. The proportionate fixed costs of these stations shall be paid by the DISCOMs and adjusted at actuals at the end of respective financial year.

6. Income Tax

In accordance with the provisions of the Income Tax Act the liability of income tax is to be allowed in the tariff separately at actuals after certification by Auditor.

7. Variable Costs

The details of station-wise variable costs are given at 'B'.

8. Incentives

Incentives for Thermal & Hydel stations that are eligible as per the regulations are given in Annexure – V

9. Secondary energy charges

APGENCO is also eligible for payment of secondary energy charges for its Hydel stations wherever they are applicable.

Generation Tariff Proposal

Generation Tariff proposals of APGENCO for FY 2009-14 are submitted hereunder for consideration by the Hon'ble Commission:

A. Fixed charges

(Rs in Crs)

S.No	Station	Capacity (MW)	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
OLD STATIONS:							
1	Dr. NTPS	1260	506.92	469.71	466.73	464.07	461.76
2	RTPP stage-I	420	224.65	222.29	219.53	216.92	214.45
3	KTPS ABC	720	342.33	355.63	352.64	349.95	347.58
4	KTPS-V	500	212.13	215.78	214.03	212.43	210.95
5	RTS-B	62.5	44.9	48.06	48.74	49.46	50.23
6	Sileru Complex	725	128.97	133.17	132.15	131.35	130.61
7	Nagarjuna Sagar Complex	965.6	172.65	171.33	166.82	162.36	157.97
8	Srisailam RBPH	770	160.69	160.69	157.62	154.63	151.71
9	Small Hydel	72	32.47	33.26	32.81	32.38	31.96
10	Mini Hydel	12.2	7.73	8.7	8.73	8.77	8.82
11	Ramagir (wind)	2	0.6	0.52	0.52	0.52	0.52
12	Srisailam LBPH	900	667.57	651.93	634.43	616.99	599.62
13	Interstate power (AP share)	141.6	19.51	21.46	22.75	24.11	25.56

NEW STATIONS:							
14	Dr.NTTPS stage IV	500	553.57	540.34	519.86	499.51	479.28
15	Kakateeya TPP *	500	358.97	678.79	649	619.28	589.63
16	RTPP stage –II	420	471.36	455.23	437.81	420.51	403.31
17	Jurala HEP* #	234	78.82	100.95	98.74	96.54	94.36
18	Pochampad HEP *	9	1.84	3.51	3.43	3.35	3.26
	Total	8213.9	3985.68	4271.35	4166.34	4063.12	3961.57

* The fixed charges proposed are in proportion to the availability of units during 2009-10.

100% Energy & Fixed charges are taken as AP share, the same will be adjusted after finalization of agreement with Karnataka.

B. Variable Charges :-

Name of the station	2009-10 Rate / KWH (Paise)	2010-14 Rate / KWH (Paise)
Dr NTTPS	209	128
RTPP – I	235	181
KTPS ABC	128	128
KTPS – V	116	116
RTS	136	136
RTPP - II	235	180
Dr.NTTPS stage IV	124	124
KTPP	116	116

The Variable charges are subject to payable with the fuel cost adjustment formula applicable time to time.

C. Incentives

Incentives shall be allowed as follows:

For thermal stations, for generation of above 80% PLF at 25 paise per kwh shall be allowed as incentive for higher capacities (200 MW and above) & 77% PLF for Lower capacities (below 200 MW).

D. Payment Mechanism

APGenco also proposes for opening of Letter of Credit by the beneficiary for an amount of one month receivables.

E. Surcharge:

1.25% per month as surcharge for belated payment may be allowed.

Prayer

- The Applicant has submitted the DD No.913464 dt.27.12.2008 for Rs 25 lakhs as regulator fee for determination of tariff along with the Application.
- The Applicant prays that the Hon'ble Commission may be pleased to :-
 - (a) Accept the Application on record for determination of the tariffs under sections 62/64 of Electricity Act 2003; and
 - (b) Direct the Applicant to publish the application by notice as required by section 64, as per the draft annexed at Annexure to the Application or in such other form as may be specified by the Hon'ble Commission, in two English and two Telugu daily news papers as may be specified by the Hon'ble Commission; and
 - (c) To determine the tariff for the control period 2009-14 for the sale of electricity generated by the Applicant from its various power generating stations to the Distribution Licensees in Andhra Pradesh at the rates proposed by the Applicant and / or as finalized by the Hon'ble Commission for determination of generation tariff in accordance with law as the Hon'ble Commission considers fit in the facts and circumstances of the case.

**Signature of the applicant.
(Managing Director, APGENCO.)**

**BEFORE THE HONOURABLE ANDHRA PRADESH ELECTRICITY
REGULATORY COMMISSION
AT IT'S OFFICE AT 5th FLOOR, SINGARENI BHAVAN, RED HILLS,
HYDERABAD**

FILING NO. _____/200.....

CASE NO. _____/200...

In the matter of:

Filing for 'Determination of Tariff for supply of Electricity by a Generating Company to and purchase of Electricity by Distribution Licensees' for the financial years 2009-2014 and Multi-Year ARR and Tariff Framework (MYF) for the Second Control Period (FY 2009 - 2014) for its Generation and Sale of Electricity under Section of the Andhra Pradesh Electricity Reform Act, 1998 (hereinafter referred to as 'the Act') and under Part VII (Section 61 to Section 64) of the Electricity Act, 2003 read with the relevant APERC Guidelines and Regulations till date, by the APGENCO .

In the matter of:

Name of the Generation Company - APGENCO

... Applicant

**AFFIDAVIT OF APPLICANT VERIFYING THE APPLICATION ACCOMPANYING
FILING OF AGGREGATE REVENUE REQUIREMENTS**

I, AJAY JAIN, (Name of the MD) S/O Shri S.P.JAIN, working for gain at the APGENCO (Name of the generating company) do solemnly affirm and say as follows:

- a) I am the Managing Director of (name of the generation company) a licensee company in the business of generating electricity Andhra Pradesh. I am competent and duly authorized by. APGENCO (Name of the generating company) to affirm, swear, execute and file this affidavit in the present proceedings.
- b) I have read and understood the contents of the accompanying filing of proposals for '**Determination of Tariff for supply of Electricity by APGENCO (Name of Generating Company) to and purchase of Electricity by Distribution Licensees**'. The statements made in the paragraphs of the accompanying application now shown to me are true

to my knowledge derived from the official records made available to me and are based on information and advice received which I believe to be true and correct.

DEPONENT

VERIFICATION:

I, the above named Deponent solemnly affirm at Hyderabad on this-----
day of February (Month), 2009 (Year) that the contents of the above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

DEPONENT

**BEFORE THE HONOURABLE ANDHRA PRADESH ELECTRICITY
REGULATORY COMMISSION
AT IT'S OFFICE AT 5th FLOOR, SINGARENI BHAVAN, RED HILLS,
HYDERABAD**

**FILING NO. _____/20.....
CASE NO. _____/20.....**

In the matter of:

Filing for 'Determination of Tariff for supply of Electricity by a Generating Company to and purchase of Electricity by Distribution Licensees' for the financial year 2009-2014 and Multi-Year ARR and Tariff Framework (MYF) for the Second Control Period (FY 2009-14) for its Generation and Sale of Electricity business under Section of the Andhra Pradesh Electricity Reform Act, 1998 (hereinafter referred to as 'the Act') and under Part VII (Section 61 to Section 64) of the Electricity Act, 2003 read with the relevant APERC Guidelines and Regulations as on date, by the APGENCO (*name of the generation company*).

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In the matter of:

Name of the Generation Company - APGENCO

... Applicant

The Applicant respectfully submits as under: -

- I) Name and Address of the Applicant
- II) Primary Business of the Applicant (Power Generation)
- III) Details of Distribution Licensee purchasing power (Name, location, license details etc.,)

P.T.O.

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- IV) Details of Generating Company/Trader etc selling power (Name, location, company details etc.,)
- V) Name and location of the Generating station for which Tariff is to be determined, indicating the following details (If more than one to be submitted separately for each Generating Station)
 - a. Name/Location of the generating station.
 - b. Total existing unit-wise installed capacity and proposed unit-wise capacity in MW.

- c. Nature of generation plant (Thermal/Hydro/Gas)
 - d. Type of primary and secondary fuel.
 - e. Date/Expected date of commercial operation of existing and proposed units.
 - f. OCFA of the existing units and proposed capital cost of the new units.
 - g. Details of project loans for proposed units.
 - h. Year-wise Interest During Construction (Rs.Crores).
 - i. Estimated Annual Fixed Costs (Rs.Crores).
 - j. Estimated variable cost/Unit (Rs/kWh).
- VI) Details of fee paid to the Commission. (Amount and Demand draft No. & Date).
- VII) Any other relevant information that is reasonable necessary to be informed to the Commission.

Pursuant to the applicable provisions of the Andhra Pradesh Electricity Reform Act, 1998, the Government of Andhra Pradesh undertook the reform and restructuring of the erstwhile Andhra Pradesh State Electricity Board ('APSEB'). APGenco was formed as a successor entity of the erstwhile APSEB

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through the First statutory transfer scheme notified in the official gazette on February 1, 1999 to manage the Generation business of erstwhile APSEB.

2. This filing for 'Determination of Tariff for supply of Electricity by a Generating Company to and purchase of Electricity by Distribution Licensees' is in accordance with the provisions of the Reform Act, the Electricity Act 2003 and the Guidelines and Regulations issued by the Honorable Commission till date.
3. APGENCO (Name of the Generating Company) has filed herein the proposals for 'Determination of Tariff for supply of Electricity by the Generating Company to and purchase of Electricity by Distribution Licensees' for FY 2009 - 2014 (w.e.f. 1.4.2009. DD/Month/Year).
4. While filing the present tariff proposals, APGENCO. (Name of the Generating Company / Trader etc) has endeavored to comply with the various applicable legal and regulatory directions and stipulations including the directions of the Hon'ble Commission in the Business Rules of the Commission, the Guidelines and the recent Regulations on Terms and Conditions for 'Determination of Tariff for supply of Electricity by the Generating Company to

and purchase of Electricity by Distribution Licensees' (Regulation No. 1.of 2008) dated 1.9. 2008.

5. Based on the information available, the applicant has made bonafide efforts to comply with the directions of the Hon"ble Commission and discharge its obligations to the best of its abilities. However, should any further material become available in the near future, the Applicant reserves the right to file such additional information and consequently amend/revise the application.

P.T.O.

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6. The current 'Generation Tariff Proposal petition' being filed has been discussed and approved by the Board of Directors of. APGENCO (Name of the Generating Company) and Sri. AJAY JAIN, (Name of the Managing Director) has been authorized to execute and file the said Petition on behalf of. APGENCO (Name of the Generating Company). Accordingly, the current petition is signed and verified by, and backed by the affidavit of Sri. AJAY JAIN, (Name of the Managing Director), Managing Director.

7. In the aforesaid facts and circumstances, the Applicant requests that the Hon"ble Commission:

- (a) Take the accompanying Petition of APGENCO.(Name of the Generating Company) on record;
- (b) Grant suitable opportunity to APGENCO.(Name of the Generating Company) within a reasonable time frame to file additional material information if any;
- (c) Grant the waivers prayed for with respect to such filing requirements, as. APGENCO (Name of the Generating Company) is unable to comply with at this stage, as more specifically detailed and for the reasons set out in the present tariff proposals filings
- (d) Treat the filing as complete in view of substantial compliance as also the specific requests for waivers with justification placed on record;

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- (e) Consider and approve APGENCO (name of the company)'s tariff proposals, including all requested regulatory treatments in the filing;
- (f) Pass such order, as the Hon"ble Commission may deem fit and proper in the facts and circumstances of the case.

APGENCO (Name of the Generating Company / Trader etc)

(APPLICANT)

Through

Place: HYDERABAD.

Dated: . (Month),February.(date), 2009.

BEFORE THE HONOURABLE ANDHRA PRADESH
ELECTRICITY REGULATORY COMMISSION AT IT'S OFFICE AT
5th FLOOR, SINGARENI BHAVAN, RED HILLS, HYDERABAD

PUBLIC NOTICE

Notice is hereby given to all that *APGENCO* (Name of the Generating Company, Trader etc.), a company in the business of generation of electricity has submitted the filings for 'Determination of Tariff for supply of Electricity for the control period, from 1.4.2009 to 31.3.2014, by *APGENCO* (Name of the Generating Company) to and purchase of Electricity by Distribution Licensees', as per the APERC Regulation No: 1. /2008 (Determination of Tariff for supply of Electricity by a Generating Company to and purchase of Electricity by Distribution Licensees), on .2.2009 (DD/M/YR). These filings are taken on record by the Hon"ble Commission in OP No:.....

2. Copies of the filings and application of *APGENCO* (Name of the Generating Company.) referred to in the 1st Para above are available at CE(Commercial), *APGENCO*, Vidyut Soudha, Hyd-82.(indicate the clear 'name of officer & address). A set of these filings can be obtained from the above offices from(DD/Month/Year) onwards on payment of Rs.....* Also a summary of Tariff filings in English or Telugu can be separately obtained on payment of Rs...../*.

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* Not to exceed the normal cost of photo copying and the cost of postage, if any.

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3. Interested persons may inspect/peruse the said proposals and take note thereof during office hours at any of the said offices free of charge. These proposals are also available on Company's website, www.apgenco.gov.in.

4. The tariffs proposed are indicated in the Schedule appended.

5. Objections or suggestions if any on tariffs proposed by *APGENCO* (Name of the Generating Company), together with supporting material may be filed with the Secretary, APERC, at the address mentioned above in person or through Registered Post so as to reach him on or before(DD/Month/Year), along with proof of service of the same on CE(Commercial) (Name of responsible officer/Office). The objections/suggestions should be filed duly signed and should carry full name and postal address of the person (s) sending the objections/suggestions. If the objections are filed on behalf of any organization or any category of consumers, it should be so mentioned

and if the objector also wants to be heard in person, it may also be specifically mentioned so.

6. After perusing the objections/suggestions received in response to this notice the Hon'ble Commission may inform such persons, as it considers appropriate and conduct hearings on dates to be notified by the Commission.

MANAGING DIRECTOR
(Name of the Generating Company)

Date: .2.2009
Place: HYDERABAD.

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SCHEDULE

- I) Name and Address of the Applicant : APGENCO, Vidyut Soudha, Khairatabad, Hyderabad-82.
- II) Primary Business of the Applicant : Power Generation
- III) Distribution Licensee purchasing power (Name, location): APDISCOMS
- IV) Details of Person (Generating Company) desiring to sell power: (Name / Location / Address etc.): APGENCO , Hyderabad.
- V) Particulars in brief of the proposed tariffs in the format given below.
 - a. Name and location of the generating station.
 - b. Total existing Unit-wise installed capacity and proposed unit- wise capacity in MW.
 - c. Type of primary and secondary fuel.
 - d. Date/Expected date of commercial operation of existing and proposed units.

D. Fixed charges

(Rs in Crs)

S.No	Station	Capacity (MW)	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
OLD STATIONS:							
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	Total	8213.9	3985.68	4271.35	4166.34	4063.12	3961.57

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100% Energy & Fixed charges are taken as AP share, the same will be adjusted after finalization of agreement with Karnataka.

E. Variable Charges :-

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RTS	136	136
RTPP - II	235	180
Dr.NTTTPS stage IV	124	124
KTPP	116	116

The Variable charges are subject to payable with the fuel cost adjustment formula applicable time to time.

Annexure V

Incentives for the FY 2009-2014

(a). Thermal Incentive :

Incentive @ 25 paise per unit on eligible generation i.e above 80% PLF for higher capacities (200 MW & above) and above 77% PLF for lower capacities.

(b). Hydel Incentive :

Hydel Incentive = 0.65 x Hydel fixed cost x (CI (actual) – CI (normative)).