

To,
The Secretary,
APERC,
4&5th Floors,
Singareni Bhavan,
Red Hills,
Hyderabad

Date: 24 – 05 – 2004

Dear Sir,

Sub:- Comments on Open Access Phasing.

Ref:- Public Notice Published on 03 – 05 – 2004 in Eenadu.

Andhra Pradesh Electricity Regulatory Commission has prepared a note 'On The Phasing Of Open Access' dated May 2004 and requested comments. In the note 3 phases of open access are suggested. For consumers with CMD > 5 MW by September 2005, between 2 and 5 MW by September 2006 and those with > 1 MW by April 2008.

The following are our comments on the discussion brought by the Commission on Phasing the Open Access in Andhra Pradesh. Given the short time we are not able to put together all of our suggestions on the proposed subject and would like to come before the Commission with detailed comments at the time of public hearings.

1. We presume that APERC would be preparing regulations for open access at the state level at the earliest. This would be a consultative exercise similar, or better than, the exercise carried out by CERC. Regulations should cover conditions of open access, tariff, entry and exit criteria, nodal agency etc. It is better that the phasing arrangements and implementation plan is finalised after these regulations are ready.

2. For convenience of implementation, suggest that first phase include only those with CMD > 5 MW and connected to transmission system (\geq 132 kV). Metering and communications systems are more robust at this level and implementation would be smoother. As per points 4.4 and 4.5 of the APERC discussion note, only 3 consumers (out of 39) would be left out because of this condition. In the same vein, 33 kV consumers could be considered for second phase and 11 kV for third phase.

3. Para 3.6 of the Discussion Note mentions that open access should be allowed irrespective of the term of agreement i.e., short-term or long-term. In this regard we would like to mention that CERC, in its 'Open access interstate transmission regulations dated January 30, 2004, distinguishes long term and short term consumers for open access. Long term consumers contract for > 25 years. Suggest that similar criteria be developed at the state level also. As for phasing, suggest that the first and second phase

include only the long term open access consumers. Short term consumers could be considered in the third phase.

4. Metering: Point 2.8 mentions the metering requirement for HT consumers as per ABT regime. In addition to the 15 minute active energy recording, voltage differentiated reactive power metering may also be required.

5. It is also suggested that phasing be planned based on achievable milestones (required for implementation of open access) and not firm dates (like September 2005, September 2006 etc, which are suggested out of the blue with no transparency). APERC, as the nodal agency could identify the expected measures to be in place for open access to be operational and arrive at a workable plan in consultation with the utilities. Each state utility may also wish to prepare business plans based on such regulations. With all these inputs, open access phasing plan could be decided with appropriate milestones.

6. The phasing and operationalisation of open access should be designed in such a way that it will not become a burden on the licensees. The Discussion Note in sections dealing with Adequacy of Institutional Capabilities, Adequacy of Network Capacity and Other Institutional Requirements (from para 2.13 to para 2.20) mentions the need for new systems, new measures in order to facilitate open access. These new measures will lead to additional expenditure which are specific to the open access consumers. So these expenditures should also be added to the wheeling charges collected from the open access consumers. These expenditures should not be placed on the general customers. In the Discussion Note Open Access consumers are expected to bear only metering expenditure but not the system strengthening expenditure that benefits them only.

We request the Commission to consider the above issues before finalizing the Open Access Phasing.

Thanking you.

Sincerely Yours,

M.Thimma Reddy
Convenor.