

BEFORE THE HONORABLE ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSON

11-4-660, 5TH Floor, Singareni Bhavan, Red Hills, Hyderabad-500004

1.1 The following submissions on ARR and tariff proposals for the year 2013-14 are in response to the Public Notice published in newspapers on 9th January 2013.

1.2 According to the Electricity Act, 2003 the DISCOMs are expected to submit their tariff proposals for the next financial year (FY) 120 days before the start of the new FY. That is the new proposals were expected by 30th November of 2012. But these were submitted by APDISCOMs only in the first week of January 2013, a delay of 35 days. Because of this both the public as well as the Commission lost precious time in examining the proposals of the DISCOMs. This practice of delayed submission of tariff proposals is going on for the last few years. This practice shall be checked forthwith. Even the Appellate Tribunal recently has given directions to the State Electricity Regulatory Commissions that in case of delay in submission of ARR and tariff proposals by the Licensees the Commissions shall take them up *suo motu*. The DISCOMs are filing their proposals according to the convenience of the state government. We have been drawing the attention of the Commission to this unhealthy practice. This continuous practice of deliberate delay in filing the tariff proposals shows that the Commission is least bothered about. The sooner the Commission restores the normal practice the better for the power sector in the state.

Filing Issues:

1.3 Even after a decade of experience in filing ARR & Tariff Proposals DISCOMs are not able to file error free documents. This is particularly the case with CPDCL. They not only took 35 more days than allowed in the Act to file the proposals. Then they took another 15 days to file additional information and correct errors in response to a communication from the Commission. Even the additional information provided do not in any way correct most of these errors. A few examples are given here. On page No. 114 Form 3 for 2011-12 the last two columns are a repetition of the columns 3 and 4. On page No. 120 figures in column 3 of Format 10 is the same as that of Format 9. The sales forecast for the FY 2013-14 provided on page No. 40 and in Form 3 on page Nos. 195 and 196 do not tally with information provided in Form 7 on pages 280-282. The additional data provided do not throw any light on such of these errors. Similar is the case with other DISCOMs. We request the Commission to direct the DISCOMs to file correct information.

Availability of power:

2.1 Lower power availability is due to gas based power plants running below their capacity. While old plants will be working at 58% PLF the new plants will be working at 2% PLF only. In order to meet power requirements there are also proposals to procure 6,008 MU of power by using RLNG at a cost of Rs. 10 per unit. This decline is being attributed to decline in gas production from KG basin. While reduction in gas production may be a factor the most important factor in low availability of gas is lower allocation of gas from KG basin fields to AP plants. The Commission had given approval to the PPAs of gas based power plants on the basis of assurance given by GAIL that there would be no difficulty in ensuring uninterrupted supply of gas from the KG basin. As an example here we take the Order issued by the Commission on 12-04-2003 in the case of PPA with Gautami Power Ltd (O.P. No. 5/2002). According to Para 102 (ii) of the order “The conditions on fuel are as detailed in Para 96 (b) on Fuel tie-up”. According to Para 96 (b) (ii) “The gas supply agreement between GPPL and GAIL was due to expire by December 31, 2010 while PPA term is for a period of fifteen years from the project CoD. This implied that for the balance period of the PPA, GPPL had no fuel linkage from GIL. But GPPL has subsequently sought for extension of this date till December 31, 2018 based on assurance given by GAIL that they would enter into agreement with developers for supply of gas for the entire term of the PPA. APTRANSCO insists that the extension should take place before the signing of the PPA”. Before this at Para 96 (a) (a) the Commission noted the clarification from GAIL, “GAIL does not envisage any difficulty in ensuring uninterrupted supply of gas to consumers in the KG Basin in the long-term”. From this it is clear that the gas based power plants in AP are based on the availability of gas from KG Basin and the Commission had given approval to them on the basis of assurance given by GAIL and ONGC on availability of gas from KG Basin fields. This clearly implies that the gas based power plants in AP have come on the basis of availability of gas from KG basin. As such these power plants in AP shall have first right on gas available from these fields. But contrary to this, these power plants are getting less than 10% of the gas available from KG basin fields. At the same time power plants outside AP like Ratnagiri Power Plant (erstwhile Dabhol/Enron plant) which are planned to be based on imported LNG are given preferential allocation of gas from KG basin. Though KG basin gas supply to Ratnagiri plant was stopped for a few days it was restored on 28th January, 2013 the day on which the whole state of AP was preoccupied with the Telangana issue. 1.9 MSCMD of KG basin gas is being supplied to this plant. The Commission as well as the Government of AP shall see to it that the gas from KG basin is transported outside AP only after meeting full requirement of gas based power plants in AP. It is a travesty of justice that while plants based on natural gas are being forced to import costly LNG the plants which are originally planned to run on imported LNG is being allocated natural gas from KG basin. The sooner this injustice ends it is better for the state as well as the country.

2.2 ARR filings for the year 2013-14 shows that in NTPC Simhadri – II units 1000 MW capacity AP’s share is 434.3 MW (43.43%) only. Within this firm share of AP is only 384 MW. Some unallocated power from this plant is allocated to AP taking it to 434.3 MW. According to the new norms the state where a unit of CGS is located will get 50% of the capacity as its share. In a meeting held on 11 September 2011 the then Union Cabinet Minister for Power Sri Sushil

Kumar Shinde announced that AP will get 50% of the share in the new unit. Based on this available capacity from Simhadri – II shall be reckoned as 500 MW but not 384 MW. If a portion of unallocated power is allocated to AP its allocation will be more than 500 MW from Simhadri II units. Here it will not be out of place to note that Tamil Nadu gets more than 50% share from Neyveli Lignite Corporation plants. AP is fully justified in claiming 50% share from the above plant.

2.3.1 ARR filings for the year 2013-14 show that power is going to be procured from Hinduja National Power Corporation Limited (HNPCL) plant. The newspaper reports suggest that HNPCL is trying to convert itself in to a merchant plant. The same shall not be allowed. HNPCL was selected as a fast track project and was provided land by the government at concessional rates and also facilitated fuel linkage to it. In the past it was also included in the power procurement plan. The plant was also provided sovereign guarantee by the central government. As such it shall not be allowed to be converted in to a merchant plant.

2.3.2 As a part of sovereign guarantee provided to HNPCL one of the conditions stipulated was that it shall sell power at the long term power purchase rate of NTPC's Simhadri II. The DISCOMs in their ARR filings also it was mentioned that 'the fixed and variable costs for the upcoming HNPCL power plant to be same as the costs for NTPC Simhadri Stage II'. Attention should be paid to this provision.

2.4 According to the Solar Power Policy of the GoAP about 1,000 MW generation capacity is going to be added by June 2013. According to this policy statement DISCOMs will purchase power from these plants. But the same is not considered in the present filings.

Power Purchase Costs:

3.1 Out of the proposed aggregate revenue requirement (ARR) of Rs. 49,187.40 crore Rs. 42,138.38 crore accounting for 86% of the ARR goes towards power purchase costs. Other costs are already decided as a part of multi year tariff (MYT). The need for revision of tariffs by 42% arises out of the increased power purchase costs. Increase in both fixed costs as well as variable costs contributed to the high power purchases. These are examined in the following paragraphs.

FIXED COSTS

Table: 1 Capital Costs of GENCO New Plants (Rs/U)

Station	Capacity MW	Fixed Cost	Variable Cost	Total Cost
VTPS – IV	500	1.38	3.44	4.88
RTPP – II	420	1.35	3.71	5.12
RTPP – III	210	2.05	3.71	5.82
KTPS – VI	500	1.57	2.53	4.15
Kakatiya – I	500	1.82	1.86	3.73
Damodaram S I		2.05	2.23	4.31
Simhadri – II	387	1.70	1.75	3.45
UMPP – Mundra	4000	0.98	1.28	2.26

3.2.1 Seven new thermal power plants are in operation in the state. They are VTPS – IV, RTPP – II, RTPP – III, KTPS – VI, Kakatiya – I, Damodaram Sanjeevaiah - I and Simhadri – II. Except the last one all other six plants are set up by APGENCO. Though they are already in operation PPAs with them are not cleared by the Commission. Even then the Commission is allowing the DISCOMs to procure power from these plants. According to the norms/regulations in operation after the enactment of power sector reform Acts both at state and central level at the first stage PPA between the generating company and distribution licensee shall be approved by the Commission followed by financial closure. After this erection of plant and machinery starts and COD needs to be declared before the distribution licensee starts receiving power from the generating station. All these steps are skipped in the case of the new GENCO plants. Though the draft PPAs are with the Commission for the last three years the Commission could not find time to examine these PPAs. Compared to the Ultra Mega Power Plant at Mundra in Gujarat set up by Tatas and which started generation recently the fixed costs of the above plants proved to be very high. The fixed costs of these plants including NTPC's Simhadri – II are higher by 40% to 120%.

3.2.2 The Comptroller and Auditor General's Report for the year 2010 clearly brings out excess expenditure incurred in the plants it examined. In its Report for the year 2010 CAG examined RTPP – II, VTPS – IV and Kakatiya – I plants. According to this report excess spending in VTPS – IV was Rs. 350 crore, in RTPP – II it was Rs. 308 Crore (18.78%) and in the case of Kakatiya – I it was Rs. 555.48 Crore (26.74%). Total excess expenditure of these three plants amounts to Rs. 1,213 crore. If other three plants are also examined the total excess expenditure may double to Rs. 2, 400 crore. There was a delay of 8 to 15 months in operationalising of these plants. But DISCOMs did not bother to recover liquidated damages from the contractor. According to the terms of the agreement benefits from tax concessions amounting to more than Rs. 2 crore were not returned to the Licensees. For all these plants BGR

Energy Systems Ltd was the BOP contractor. Its execution of BOP works at all these plants was mired in controversy. Even CAG commented that undue favour was shown to BGR Company (Para 2.220.2). The electricity consumers in the state are being forced to bear this burden through higher tariffs. We request the Commission to see that this additional expenditure is not allowed and see that fixed cost burden is reduced.

Table: 2 Capital Costs of GENCO Hydel Plants

Year	Total Fixed Cost (Rs. Cr)	Unit Cost (Rs)
2008-09	220	0.24
2009-10	908	1.01
2010-11	967	1.31
2011-12	1008	1.22
2012-13	1172	1.89
2013-14	1289	3.41

3.2.3 Fixed costs allowed for GENCO’s hydel units also have become a source of burden. Earlier it was the cheapest source of power available for the state. Now the same cannot be claimed. Since the initiation of reform process in the year 2000 and until 2008-09 unit cost of power from these hydel stations was below 25 paise, and the total fixed costs paid for these units was about Rs. 200 crore. But suddenly in the year 2009-10 total fixed cost payment for these plants was hiked by four times to Rs. 908 crore and unit cost also increased by four times to Rs. 1.01. In fact for the year 2009-10 DISCOMs claimed only Rs. 201.25 crore for its hydel units. But the Commission allowed Rs. 907.65 crore. In the Tariff Order the Commission stated, “Pending determination of generation tariff for APGENCO’s power stations for FY 2009-10, the fixed cost is determined based on information provided by APGENCO in its application” (Para 301). The above information was not made public and it is another instance of non-transparent process that is continuing in the case of fixation of power purchase tariff from APGENCO units. The sooner the PPAs with APGENCO are finalized through transparent process leading to economical and efficient procurement of power the better for the health of power sector in the state. For the year 2013-14 fixed costs of APGENCO hydel units is placed at Rs. 1289 crore. The unit cost of power from hydel units during 2013-14 is estimated to be Rs. 3.41. This is higher than the cost of power from thermal power units.

3.2.4 There is also need to review the cost of power from some of these hydel power plants. The cost of power from these plants is abnormally high.

Table: 3 Cost of Hydel Power

Plant	Cost Rs./U
Priyadarshini Jurala	8.07
SSLM LCPH	9.63
Mini Hydro & Others	22.22
Singur	25.76
PABM	45.06

The mini hydel plants under GENCO shall be treated like any mini hydel plants and the price fixed by the Commission for renewable energy plants under mini hydel plants shall be applied to these plants also. Some of these plants are multipurpose plants and it is apparent that the costs to be borne by the irrigation and drinking water departments have been shifted to the energy department. It is important to re-examine valuation and distribution of value of these plants. The Srisaillam Left Bank Power House has become a curse on the people of the state. Every year more than Rs. 500 crore is being allocated as fixed cost for this plant. A mechanism shall be evolved to insulate the electricity consumers from this burden.

3.2.5 Regarding LVS almost same fixed cost is being paid from the beginning. In fact the fixed cost shall decline every year because of depreciation. Usually all fixed cost will be recovered within 10 years and after that it will become negligible. But in the present case it is constant. According to the filings the fixed cost payable to this 36.8 MW plant during FY 2013 is Rs. 38 crore and during FY 2014 it is Rs. 39 crore. Compared to this Srivathsa Power Project is being paid Rs. 4.027 crore during FY 2013 and Rs. 4.073 crore during FY 2014 for its 17.2 MW plant.

VARIABLE COSTS

3.3.1 According to DISCOMs' filings, "The variable cost for APGENCO Thermal plants for FY 2013-14 have been considered at 10% escalation over actual variable costs during H1 2012-13". The established practice is take the price prevalent during the first quarter of the previous FY, that is the price prevailing in previous September to calculate the variable cost. If there is any variation in fuel cost the after this date the same will be adjusted through FSA mechanism. The present 10% escalation suggested by DISCOMs is unprecedented and the same shall not be accepted.

Table: 4 Variable Costs (Rs/U)

Station	2008-09	2013-14
GENCO	1.44	2.39
CGS	1.15	1.85
Simhadri	1.11	1.74
IPPs	1.10	2.22

Table: 5 Variable Costs Rs/U

Station	2012-13	2013-14
RTPP	2.18	3.44
KTPS VI	1.76	2.53
VTPS IV	2.65	3.44
Kakatiya I	1.75	1.86

3.3.2 Increase in coal prices has become important source of increased power purchase cost burden. To this one need to add gas price increase. According to DISCOMs filings, “Due to increase in coal price and use of imported coal the weighted average power purchase cost in FY 2012-13 has increased to Rs. 3.65/kWh as against the Tariff Order approved value of Rs. 3.10/kWh at the state level”. Compared to the base year of the present control period that is 2008-09 fuel cost burden on APGENCO plants and gas based IPP plants nearly doubled. In the case of CGS units including Simhadri units it increased by more than 50%. A comparison of variable cost of thermal plants during current and ensuing years also shows the impact of increased coal prices. In the case of RTPP fuel cost will increase by nearly 60%. In the case of KTPS VI this burden will increase by more than 40%. Similarly, VTPS IV will experience a hike of nearly 30%. It has to be categorically stated that this hike in fuel prices is not warranted at all. By bringing down these fuel prices burden on consumers in the state as well as the state government could be reduced.

Coal Prices:

3.3.3.1 Units supplying power to the state receive coal from Mahanadi Coal Fields, Coal India Limited and Singareni Collieries. Recently Mahanadi Coal Fields and Coal India Limited increased prices for coal supplied by them. It ranged from 20% to 54%. Even before this price

hike Mahanadi Coal Fields net profit was Rs. 2,600 crore in 2010-11. In the case of Coal India Limited profits increased by 64% during first quarter of 2011-12 and net profits increased to Rs. 4,143.92 crore. During the second quarter of 2012-13 CIL profits reached Rs. 3,078 crore. During the same period in the financial year 2011-12 these profits stood at Rs. 2,593 crore. Here it is to be noted that while coal output increased by 11 percent profits increased by 19 percent. Singareni Collieries is also earning profits every year in the range of Rs. 150 crore to Rs. 300 crore. In the year 2009-10 Singareni Collieries paid Rs. 17.71 crore as dividend to GoAP for its 51% share in the company. Similarly in the year 2010-11 it paid Rs. 44.28 crore as dividend to GoAP. When coal mining companies are reaping such huge profits there is no reason to increase coal prices. DISCOMs and GOAP shall try to see that these coal prices are brought down.

3.3.3.2 Not satisfied with the already high coal prices the coal mining companies propose to shift to new pricing mechanism based on Gross Calorific Value (GCV) in the place of useful heat rate. This change will result in increase in cost of coal based thermal power by 60 paise per unit. While Coal India Limited indicated that it will postpone the implementation of the new pricing Singareni Collieries already notified that new prices will come in to effect from 8 January, 2012. As the GoAP has majority stake in this company it shall see to it that the new pricing mechanism will not result in additional burden. DISCOMs shall also see that no additional power purchase cost will entail from the new pricing mechanism, as finally it will dent its financial health.

3.3.3.3 Besides the increased coal prices diversion of coal meant for these plants is adding to the burden on the electricity consumers in the state. There are news paper reports about diverting the coal supplies meant for GENCO plants to the black market with the connivance of the personnel involved. The CAG Report dealing with Andhra Pradesh for the year 2010 brings out inefficiency in the transport and use of coal. According to Para **2.2.26** “There was a difference in quantity between the quantity indicated in invoices and the actual quantity received at the unloading points of respective thermal stations treating the difference as transit losses. As the Company was responsible for such short receipt of coal, the Company incurred Rs. 140.37 crore towards the cost of coal lost in transit during the four years period ended 2009-10. In addition, the Company had lost coal worth Rs. 37.35 crore on account of windage, compression of coal etc., during the same period. ... A review of coal records of Dr. NTPP (Selected unit) revealed that the Company suffered transit loss ranged between 2.05 *per cent* and 3.13 *per cent* against the norm of 0.8 *per cent* fixed by CERC during the period under review. The plant during the review period, had transit loss of 7.65 lakh MTs valuing Rs. 108.48 crore contributing 77 *per cent* of total transit loss suffered by the Company during the same period.” According to Para 2.2.25 of this audit Report “Due to use of coal having less gross calorific value (GCV) and consumption of excess heat than the designed heat rate due to leakages of steam in the aging units of power plants on account of delay in taking up of the life extension programmes, there was excess consumption of coal to the tune of 323.77 lakh MTs (4,845.29 crore) on account of use of low GCV coal and 74.41 lakh MTs (1,099.53 crore) on account of high heat rate”. We request the Commission to see that the financial burden arising out of these inefficiencies are not transferred on to the consumers.

Table: 6 Variable Cost

GENCO Units	Variable Cost (Rs/U)
KTPS D	1.52
KTPP I	1.86
Damodaram Sanjeevaiah I	2.23
KTPS VI	2.53
VTPS I	2.73
VTPS IV	3.44
RTPP	3.71

3.3.3.4 ARR filings also shows that GENCO's thermal plants located at the same place are going to pay different coal prices. While KTPS's D unit's variable cost stands at Rs. 1.52 per unit it is going to be Rs. 2.53 in the case of VIth unit. Similarly, in the case of VTPS while first three units' variable cost stands at Rs. 2.73 per unit that of fourth unit's variable cost is going to be Rs. 3.44 per unit. Attempts shall be made to bring down variable cost of new units.

3.3.3.5 Besides the hike in coal price supplied by CIL and SCCL the import of coal is adding to the burden. GENCO is being forced to import coal at exorbitant cost. Though quality of imported coal is higher than domestic coal it is not in commensurate with the price. While quality of imported coal is 80% higher than domestic coal its price is higher than two to three times. Every attempt shall be made to see that dependence of imported coal is reduced.

Table: 7 NTPC Plants' Details

Month In 2012	RSTPS St. I & II		RSTPS St. III		Simhadri – I		Talcher St. II	
	% of Imported Coal	Weighted Average GCV Kcal/Kg	% of Imported Coal	Weighted Average GCV Kcal/Kg	% of Imported Coal	Weighted Average GCV Kcal/Kg	% of Imported Coal	Weighted Average GCV Kcal/Kg
April	0	3749	0	3673	12.92	3230	16.16	3151
May	01.55	3806	0	3592	20.21	3395	19.89	3095
June	02.65	3990	0	3662	13.92	3107	15.95	2810
July	03.34	4051	0	3535	13.53	3211	14.92	2812
August	00.45	4093	0	3659	00.35	3030	07.48	2643
Sept.	0	4086	0	3741	0	3297	08.06	2781

3.3.3.6 The above table shows that use of imported coal did not add significantly or make much difference to average GCV. The GCV of RSTPS which used no or almost insignificant amounts of imported coal reported higher GCV than Simhadri and Talcher plants which used significant portion of coal sourced from abroad. Within these two plants also imported coal did not seem to have made any difference. In the case of Simhadri – I plant in the month of September 2012 without use of imported coal GCV stood at 3297 Kcal/Kg. During June and July months when nearly 14 percent of coal was sourced from abroad GCV was below September level. In the case of Talcher Stage II also such experience could be found. During the month of September with 8% of coal from imported stock GCV stood at 2781 Kcal/Kg. During June with 15.95% imported coal GCV was 2810 Kcal/Kg only. Similarly during July with 14.92% of imported coal GCV was 2812 Kcal/Kg only. Imported coal is said to have 80% more GCV compared to domestic coal. There is need to examine the actual GCV of imported coal in relation to the price paid to it.

3.3.3.7 APGENCO did not provide similar information. It clearly shows that they are trying to hide crucial information. The Commission shall approve further payments to APGENCO only after submission of complete information to the satisfaction of both the Commission and other stakeholders.

3.3.3.8 There appears to be deliberate attempts to delay coal mining projects in order to increase coal prices. There is also increasing talk about price parity between Indian market price and international market price. Since 1997 captive coal blocks are being allocated to private companies as well as public sector power companies. But they are not paying attention to start mining coal. At the national level while CIL was allocated coal fields bearing 60 billion tons of coal it is producing more than 450 million tons per annum the private companies which were allocated coal fields bearing 40 billion tones were producing only 40 million tons of coal. In AP also GENCO was allocated four coal blocks for captive mining in 2005. They are supposed to start mining by 2008. But to this day there is no sign of mining in these blocks. While coal blocks of Anisettipalli, Punukula Chilka and Pengadapa were de-allocated in the case of Tadicherla a Show Cause notice was issued for the delay in mining coal. This deliberate delay in mining is leading to import of costly coal.

3.3.3.9 The reports also show that APGENCO is using auxiliary oil more than justified. This is impacting the health of the machinery as well as cost of power generation. We request the Commission to call for necessary records and allow only that expenditure which is permitted under normal technical conditions.

Gas Price:

3.3.4.1 Increase in gas price has adversely impacted the consumers. The price of gas from KG basin fields of RIL was increased from \$ 2.52 to \$ 4.2 per MBTU in a questionable manner. The new price is said to have been arrived at through so-called price discovery mechanism. This mechanism was carried out by RIL but not by the Government of India. The Prime Minister's

Economic Advisory Council also found fault with the mechanism adopted in this price discovery. But still the GoI went ahead and gave clearance to this hike. The price differential will entail additional burden of more than Rs. 15,000 crore on the consumers in the state in the coming years.

3.3.4.2 RIL sought gas price hike in the name of increased capital cost. It increased capital expenditure from \$2.5 billion to \$8.8 billion. CAG which audited these expenditures questioned the reasonableness of these expenditures. It found that ten contracts were awarded in questionable manner and wanted an in depth review of these contracts. Eight contracts were awarded to Aker Group on a single bid basis, without any competition. A contract of \$1.1 billion was given to Aker Group against estimated original cost of \$ 300 million. Following these findings CBI launched an inquiry in to Mr. V.K. Sibal who was the Director General of Hydrocarbons (DGH) when these expenditures were approved. The new DGH also found that while 22 wells need to be drilled by March 2011 to be able to produce 61.8 MCMD of gas only 18 wells were drilled. The GoI also came to a conclusion that \$1.85 billion out of \$5.694 billion already claimed to have been invested should be disallowed. As gas price was hiked in the name of increased capital cost and as it was found that the claimed capital expenditure by RIL was not real but inflated gas prices shall be brought down. DISCOMs as well as GoAP shall see to it that old gas prices prevail.

3.3.4.3 Even more astonishingly the government of India increased the price of gas from ONGC from \$ 1.79 to \$ 4.2 per MBTU. This hike was effected in the name of minimizing the losses of public sector gas companies. Irony is that these companies are some of the highly profit making companies in the country even before this hike. One could only imagine the windfall profits these companies are going to make. But electricity consumers have to bear this burden. Instead of facilitating availability of cheap and affordable electricity to the consumers these steps of the government are making electricity very costly. Price of gas from ONGC fields was increased to be commensurate with the gas price from RIL fields. As it was found that price hike of gas from RIL fields was based on inflated capital costs price of gas from ONGC fields shall also be brought down.

3.3.4.4 Recently a Committee headed by Prof. Rangarajan, Chairman of the Prime Minister's Economic Advisory Committee recommended hiking gas price to \$8 per MBTU. This Committee followed unheard of method to increase gas prices primarily to benefit RIL. Even before RIL other domestic gas companies like ONGC and Cairn will reap enormous profits. Nowhere in the world is the domestically produced natural gas priced like this. The conditions of gas production change from country to country. In the past the RIL before the Bombay High court mentioned the cost of gas production as \$0.60. In response to an international bid floated by NTPC RIL won a bid to supply gas at the rate of \$2.3 per MBTU. The proposed hike in gas price will add to the electricity consumers' burden enormously. As the proposed hike not based any proper methodology it shall be opposed.

3.3.4.5.1 KG basin gas was diverted to merchant power plants of Lanco and GMR against all norms of gas allocation. Natural gas should have been allocated to plants with long term PPAs approved by the Commission. Disregarding this natural gas was allocated to merchant plants of

Lanco and GMR which sold power produced from this gas at market price with huge profits at the cost of electricity consumers in the state. At the same time gas based power plants with approved PPAs in the state were running short of gas, below their capacity. Even when the central government directed them to sell power at regulated price they did not care. EGOM was reported to have decided on 24-02-2012 “that as M/s Lanco Kondapalli (Expansion) and GMR Tanir Bavi have signed the short term PPA till 30-05-2012 ... after which the supply would be suspended if they fail to comply with the conditions specified by the EGOM for supply of domestic gas”. This implies that gas supply to these plants should have been suspended from 01-06-2012. But these two plants continue to get gas and sell power at open market rates, of course in the garb of Case 1 Bidding.

3.3.4.5.2 In the case of Lanco’s coal based thermal power plant at Amarkantak in Jharkhand coal linkage was cancelled as it does not have PPA with ... But in AP even after repeated reminders over the years nothing is being done. It is nothing but an open collusion among the Utilities, state and central governments.

3.3.4.5.3 If this gas were made available to the plants with PPAs additional cost to be paid per unit would be only Rs. 1.85 as the fixed costs are already being paid under deemed generation condition. As this power was purchased from these merchant plants at open market prices per unit cost in some months went up to Rs. 5.60. Because of diversion of gas from plants with PPAs to merchant plants of Lanco and GMR Rs. 865 crore burden was imposed on the consumers in the state during the years 2010-11 and 2011-12. During the first quarter of 2012-13 Rs. 155.72 crore additional burden was imposed on the consumers in the state by due to allocation of gas to these two merchant plants. During the second quarter of 2012-13 Rs.97 crore additional burden was imposed for purchasing power from these merchant plants. During the third quarter of 2012-13 this burden stood at Rs. 62.51 crore. Since 2010-11 the electricity consumers in the state have to pay more than Rs. 1200 crore additionally because of this. Here it is to be stated that the above figure is an under estimate of the real burden due to diversion of gas to merchant plants. This is because these two merchant plants did not sell all the power generated by them at these plants using KG basin gas to APDISCOMs only. For example during the first five months of the calendar year 2012 Lanco sold 50 MW power to Karnataka and 1.5 MW power to Meenakshi Energy. From November 2011 to January 2012 Lanco supplied entire power to Tamil Nadu. In fact all this power should have been available to AP at lower price. The Commission during the public hearing on FSA for 2nd Quarter of 2012-13 made it clear that it did not approve power purchase from these merchant plants. All the additional burden shall be recovered from the merchant power plants. If this amount is recovered the need to hike can be reduced to that extent. These payments made to merchant plants of Lanco and GMR can be recovered through retaining payments to be made to power produced from the older units of these plants. This will also help to reduce deficit of the DISCOMs.

AGRICULTURE RELATED ISSUES

4.1 Well irrigation contributes more than 50% of irrigated area in the state. Besides providing livelihood to crores of people in the state it also contributes to state economy through food and non-food crops. But it is not receiving attention commensurate to its contribution to the economy and society. This applies to electricity services meant for agriculture also. The information filed by DISCOMs before APERC shows that electricity consumption in agriculture sector is increasing every year. The ground experience shows that this is contrary to truth. Because of cut in hours of power supply and low rain fall farmers are not able to use the pump sets the way described by DISCOMs. Added to this farmers are being treated as villains who misuse electricity. It is being shown as if additional power procurement at huge cost is being done to meet power needs of agriculture. DISCOMs' own information shows that while agriculture consumption increased by about 5% per annum that of domestic, commercial and industrial consumption increased by 15 to 20%. This itself shows who is responsible for high cost power purchases. It is the responsibility of the Regulatory Commission to provide a clear picture.

Table: 8 Electricity Consumption in Agriculture (MU)

DISCOM	2011-12	2012-13 APERC Order	2012-13 Present Estimate	2013-14 Estimate
CPDCL	8,740	8,074	9,173	9,631
EPDCL	1,821	1,714	1,912	2,007
NPDCL	4,433	3,956	4,747	5,033
SPDCL	4,935	4,478	5,181	5,440
Total	19,929	18,222	21,013	22,111

4.2 During the year 2013-14 LT agriculture category is expected to consume 22,111 MU accounting for 21.36 % of the total power to be supplied in the state. But this consumption estimate is not reliable as it is based on false assumptions. Each DISCOM presented a different explanation though claiming to follow the method prescribed by the Commission. There is no uniformity among the DISCOMs in explaining the estimation of agriculture consumption. While SPDCL tried to give estimate based on different sources of data NPDCL did not at all explain the basis for its estimation. NPDCL has considered CAGR of 6.01% over the consumption during the year 2012-13. It did not provide any justification for its estimate. CPDCL just gave the example of one mandal. But there was no explanation about the total number of agricultural services and the DTRs servicing them. The Commission directed the DISCOMs to implement the methodology recommended by Indian Statistical Institute (ISI) in estimating power consumption in agricultural services (Para 35, TO 2011-12). ISI submitted its recommendations more than three years back. Still there is no sign of it being implemented properly. As a part of transparent public process the Commission shall direct the DISCOMs to file complete information according to the methodology prescribed by it. We request the Commission to direct

the DISCOMs provide district/circle wise data on number of agricultural connections, number of DTRs servicing them, number of sample DTRs, number of valid DTR readings, and the related agriculture consumption estimate. For better understanding of the issues related to power consumption each DISCOM shall give break up of paid connection, HVDS metered connection, DT metered connection and total connections; their connected load and consumption.

Table: 9 Electricity Consumption per Pump set in 2012-13

DISCOM	No. of Pump sets	Electricity consumption per Pump set (U)
CPDCL	10,52,861	8,712
EPDCL	1,85,127	10,328
NPDCCL	9,33,815	5,083
SPDCL	7,68,035	6,745
Total	29,39,838	7,148

4.3 The fact that the estimates of power consumption in agriculture are not reliable is apparent from the above table. There is no uniformity in power consumption in agriculture among the four DISCOMs in the state. Per pump set consumption in EPDCL is double to that of NPDCCL though the difference in average HP of pump sets is not considerable.

4.4 All the DISCOMs assume 7 hours power supply while estimating power consumption. But they supply only for about 4 hours daily. Even then power consumption at the end of the year overshoots the estimate based on assumption of 7 hour power supply.

4.5 In arriving at the estimate of power consumption number of agriculture services/wells has important place. Total HP/connected load is taken in to account for arriving at the total power consumption. It has been argued that the DISCOMs' number of wells in the state is overestimated. As an example we will take the year 2006-07. For this year Minor Irrigation (MI) Census data is available. MI Census is done once in seven years. Latest MI Census is available for the year 2006-67. This Census provides the number of wells in operation in the state. According to DISCOMs the number of agriculture services was 22,96,996. According to MI Census number of wells in the state was 22,00,361. Out of these wells 19,66,374 were in use and 2,33,987 wells were out of use. That is more than 10% of the wells are not in use. In implies that at this stage power consumption in agriculture is being overestimated by 10%.

4.6 DISCOMs argue that high power consumption is because of power supply during rabi/second crop. Usually number of days of irrigation they assume range about 200 days. But crop data shows that only less than half of the well irrigated area is being cultivated during rabi.

Table: 10 Area Irrigated More than Once

Year	% of area irrigated more than once
2003-04	37.62
2004-05	34.65
2005-06	40.77
2006-07	39.45
2007-08	38.79
2008-09	47.08
2009-10	46.36

Source: Season Crop Reports, GoAP.

An examination of Season and Crop Reports show that the percentage of area irrigated more than once ranges between 34.65% (2004-05) and 47.08% (2008-09). In other words second crop is grown in less than 50% of the area under well irrigation. Then assumption of even 150 days of irrigation would amount to overestimation. But these stark facts are not taken in to account by the DISCOMs.

4.7 The above analysis shows that farmers are not receiving the electricity shown to be consumed by them. Farmers in the state humbly request that the power estimated to be consumed by the farmers be supplied to them.

4.8 Subsidy supposed to be provided to supply electricity to agriculture is being gobbled up by someone else. It is incumbent on the Commission to clear the picture and see that farmers receive their due.

HVDS Analysis:

4.9.1 Over the last few years nearly Rs. 5,000 crore were spent in the state in implementing HVDS for agriculture pump-sets. Under SPDCL alone up to FY 2010 Rs. 1,024.60 crore were spent on HVDS. Even after such a huge spending there is no proper, transparent assessment of this programme. Newspaper reports indicate that a new HVDS programme involving an investment of Rs. 1,145 crore is being implemented with financial support from JBIC. In SPDCL also about 1.77 lakh wells are going to be converted in to HVDS. Before embarking on a new programme there should have been a thorough review of the previous programme. But there appears to be no such exercise. Given the serious implications of this investment (Consumers have to bear this burden in the form of higher cost of service) we place below our analysis of the investment under HVDS.

4.9.2 For the following analysis we have compared LT – DTR and HVDS. We have taken the transformer capacity as 63 kVA. Hours of supply in a day is assumed as 7 hours and number of

days as 240 days. Cost of power is assumed as Rs. 3.00 per unit. We examined this under three power factor capacities – 0.6, 0.7 and 0.8

4.9.3 The results of our analysis are presented in the following table. In this table reduction in line losses are taken as returns on investing on HVDS.

Table: 11 Cost of HVDS

Power Factor	Cost of HVDS (Rs.)	Cost of Lt – DTR (Rs.)	Additional Cost (Rs.)	Returns per year from HVDS (Rs.)	Payback period (Years)
0.6	6,29,628	1,15,000	5,14,628	18,949	27.16
0.7	6,29,628	1,15,000	5,14,628	13,923	36.96
0.8	6,29,628	1,15,000	5,14,628	10,660	48.28

In Andhra Pradesh a power factors of 0.70/0.80 reflect the prevailing situation. Under these conditions it takes 37 to 48 years to recover the investment made in to the HVDS system, let alone profits over it. In other words the payback period for these investments is about 37 to 48 years. The guaranteed life of these transformers is about 3 years and its life may extend up to 10 years, but its' payback period is several times more. Thus, financially speaking the HVDS does not appear to be attractive. Still the DISCOMs in the state are rushing in to implement it on large scale. And farmers are being coerced in to accepting it.

4.9.4 One of the important reasons shown in promoting the HVDS system was elimination of unauthorised agriculture connections and theft. Experience in other states like Rajasthan and Uttar Pradesh shows that HVDS is not a deterrent to these practices and even under HVDS system theft continues to take place. We hear that Noida Power Company Limited (NDPL) in UP which went in to HVDS on a large scale is now thinking about winding it up.

4.9.5 Though the returns from this HVDS scheme are doubtful it will surely end up as a huge burden on the consumers in the form of Cost of Service (COS) as these transformers are four times more costly than the present transformers.

4.9.6 Based on these facts we request the Commission to review the past implementation of the HVDS in the state and also to put the presently proposed scheme with the support of JIBC to strictest test. We also request the Commission to direct the DISCOMs to provide us information on amount spent on HVDS and number of pump-sets converted to HVDS each year since the programme was taken up.

Quality of power supply

4.10.1 Though the DISCOMs and the state government are claiming that agriculture is being supplied 7 hour of power daily the truth is that they get only about 4 hours daily. Besides this, the less said the better about the quality of power. Because of low voltage of power farmers are frequently experiencing burning out of the electrical motors. They have to spend huge amounts on getting these motors repaired. No attention is being paid to address the problems faced by the farmers. In the name of free power to agriculture DISCOMs are not interested in looking at improving quality of supply to agriculture as if there is no income from this category. Here we would like to point out that though some sections of farmers receive free power DISCOMs do not supply freely. The expenditure they incur in supplying power to agriculture is recovered through subsidy and cross subsidy. In the name of free power they should not neglect quality aspects of power supplied to agriculture. We request the Commission to direct the DISCOMs to attend to the problems of farmers, particularly in improving the quality of power supplied and repair and maintenance of distribution transformers.

Deaths due to Electric Shocks:

Table: 12 Deaths due to Electric Shocks

DISCOM	2011-12		2012-13 (H1)	
	DISCOM No.	Veekshanam*	DISCOM No.	Veekshanam*
CPDCL	34	457	37	289
EPDCL	115	38	66	47
NPDCL	213	262	112	154
SPDCL	63	75	40	57
Total	425	832	255	547

*Source: Various issues of Veekshanam Telugu Monthly Magazine

4.10.2 Deaths due to electrical shocks can be taken as an indicator of quality of power supplied by DISCOMs. The above table shows the magnitude of the problem. At the same time it is to be noted that above figures are under estimate of the actual happenings. Every year nearly 1,000 people are becoming victims of fatal electrical accidents. The districts of Mahabubnagar and Warangal are having a very high incidence of deaths due to electrocution. In Mahabubnagar district 133 people died due to electric shock during 2011-12 and during the first half of 2012-13 this tragedy struck 96 families. In Warangal district 119 persons died during 2011-12 and 51 during first half of 2012-13. A large number of animals are also dying due to electrical accidents. This is unacceptable and all steps shall be taken to eliminate these accidents. The Commission is allotting Rs. 5 crore every year for each DISCOM to improve safety. But these DISCOMs are not taking any proactive steps to bring down these accidents.

4.10.3 A few words about the information provided in the above table. In the above table a comparative picture on these deaths due to electric shocks is provided. While DISCOMs' figures are taken from ARR filings alternative figures are borrowed from Veekshanam Telugu Monthly Magazine which publishes every month number of people who met unnatural deaths. In this deaths due to electric shocks are also included. Here it is also to be noted that Veekshanam figures are not complete as for some months information was not available for some of the districts in the state. This particularly is the case with EPDCL and SPDCL. In other words deaths due to electric shocks are higher than the alternate figures shown above. In the case of information provided by the DISCOMs there is no uniformity. NPDCL gave total number of fatal accidents and the number of cases where ex-gratia was paid. The number provided by NPDCL is nearer to alternate figures. EPDCL provided the number of fatal electrical accidents due to the department and those not due to the department and number of cases where ex-gratia was paid. SPDCL provided information in two tables. While one table listed accidents categorized as non-departmental another table gave information on number of cases where ex-gratia was paid. From the later table it is not clear whether fatal electrical accidents are more than this number. CPDCL provided only information on number of deaths due to the department only. There is also no information on number of cases where compensation was paid. The Electricity Act, 2003 as well as the Regulations framed under it makes it mandatory on the DISCOMs to provide full information on electrical accidents immediately after the accidents take place. It is high time for the Commission to see that all the DISCOMs provide full and complete information in uniform manner.

4.10.4 Not even one-fourth of the victims' families have received any financial support in the form of compensation from the DISCOMs. According to the present filings EPDCL took responsibility for 36 deaths during 2011-12 and compensation was paid to 31 families. During the year 2012-13 it took responsibility for 30 deaths and compensation was paid to 11 families. NPDCL paid compensation to 42 families during 2011-12 and 19 families during 2012-13. SPDCL paid compensation to 18 families during 2011-12 and 3 families during 2012-13. CPDCL did not provide information on compensation paid.

4.10.5 The process of fixing the responsibility for deaths due to shocks is being done in a non-transparent manner. In this case culprit and judge are the same. An independent body like Ombudsman shall be entrusted with the responsibility of enquiring in to these deaths and fixing responsibility. Besides these, the process of paying compensation is not at all clear to the public. Process of paying compensation to the victims shall be made simple and transparent.

Vacancies:

4.10.6 Most of these deaths have taken place in rural areas and in this farmers outnumber others. Bad shape of the rural electrical network and lack of technical support to address problems of the network at the ground level are the important causes for these tragic deaths. In the absence of line men in the villages farmers themselves are trying to rectify faults in the

network including transformers and in the process becoming victims. According to the Chairman and Managing Director of APTRANSCO 8,000 line men posts are vacant. There were also reports that the Chief Minister has approved filling of these vacancies. But there is no further movement on this front. We request the Commission to direct the DISCOMs to fill all the vacancies immediately.

4.11 In the proposals related to lift irrigation scheme it was mentioned that earlier two categories are sought to be merged in to one HT IV. It was named as Government Lift Irrigation, Agriculture and Composite Water Supply. Given this nomenclature what is the status of lift irrigation schemes outside the government control?

IMPROVING PERFORMANCE

5.1 Burden on the consumers could be reduced by bringing down T&D losses and improving energy conservation. But there are no concerted attempts in this direction.

Reducing T&D Losses

Table: 13 T&D Losses in 2011-12

DISCOM	APERC	Actual
EPDCL	8.55	6.90
SPDCL	11.19	11.29
NPDCCL	12.47	14.02
CPDCL	12.34	16.36

5.2.1 During the year 2011-12 in EPDCL area T&D losses stood at 6.90% of the power supplied. If other three DISCOMs also reach that T&D loss level more than 5,000 MUs of power could be saved. This will result in savings of more than Rs. 2,000 crore. Burden on consumers will come down to that extent. When EPDCL could bring T&D losses below 7% why cannot other DISCOMs achieve the same?

5.2.2 The above table shows that while EPDCL brought down T&D losses below the target set by the Commission the other DISCOMs failed to reach the target. In the case of CPDCL T&D losses are nearly 10% higher than that of EPDCL and more than 30% higher than the target set by the Commission. When we take in to account the fact that 45% of the electricity in the state is consumed in CPDCL area the scope to reduce T&D losses is higher in CPDCL. Proper action shall be taken to bring down T&D losses.

Energy Efficiency:

5.3.1 There is also huge potential to bring down electricity consumption through energy efficiency measures by all the consumer categories. Though the Commission is issuing Directives as a part of Tariff Order to promote energy efficiency and conservation responses from the DISCOMs are not inspiring. There appears to be no coordination between DISCOMs and NREDCAP, the nodal agency under Energy Conservation Act in promoting energy efficiency. Though an Energy Conservation Mission is formed at the state level its impact is not felt at the ground level. The Commission may come out with specific targets to be achieved on energy efficiency front.

5.3.2 As a part of free power to agriculture DSM measures were made mandatory. But there is no sign of this mandate being taken seriously. The DISCOMs claim that capacitors were installed on more than 80% of the pump-sets. In reality not even 10% of the pump-sets have capacitors. We request the Commission to direct the Licensees to provide us circle wise breakup of pump-sets with capacitors. Proper installation of capacitors alone will bring down T&D losses by nearly 20%. The less said the better about implementation of other prescribed DSM measures.

5.3.3 CPDCL in its filing stated, “To reduce revenue gap the Licensee is undertaking several energy conservation and loss reduction activities. But, without realistic revision in tariff, these steps would fall short in bridging the revenue gap” (p.62). We would like to know the energy conservation and loss reduction activities undertaken or contemplated by the Licensee and its success is linked to tariff revision.

Outstanding Deficit:

Table: 14 Outstanding Deficit

Year	CPDCL	EPDCL	NPDCL	SPDCL	Total	Subsidy	FSA	Uncovered Deficit
2009-10	1,878	1,227	2,082	2,048	7,235	3,486	1,400	2,349
2010-11	2,066	1,048	2,234	1,795	7,143	3,653	2,068	1,422
2011-12	3,400	1,726	2,998	2,589	10,713	4,210	3,957	2,546
2012-13	3,026	1,240	3,496	3,688	11,450	5,532	3,750*	2,168
Total	10,370	5,241	10,810	10,120	36,541	16,881	11,175	8,485

6.1 DISCOMs’ filings (Form – 9) show that by the end of 2012-13 outstanding deficits of all the four DISCOMs in the state will be Rs. 36,541crore. After taking in to account the subsidy

provided by the state government and FSA approved by the Commission as well as FSA proposals pending before the Commission the outstanding, uncovered deficit stands at Rs. 8,485 crore. There is no explanation how the DISCOMs are going to handle this deficit. According to Section 10.7 of Regulation 4 of 2005 related to determination of retail supply tariff under the multi year tariff (MYT) regime “for the purpose of sharing gains and losses with the consumer only aggregate gains or losses for the control period as whole will be considered”. The ensuing year is the last year of the present control period. In their filings DISCOMs should clearly spell out how they are going to deal with this deficit. No such exercise was done in the case of the first control period 2006-09. Now the time has come for the Commission to deal with the second control period. And the Commission should not push everything under the carpet. They cannot be postponed for ever and they will surely come back to haunt. It is better to be prepared.

6.2 The state government of Andhra Pradesh (GoAP) has agreed to include the state under the financial restructuring of state DISCOMs notified by the central government. Under this the state government will guarantee the long term bonds to be issued by the DISCOMs for 50% of the outstanding debt. In the case of remaining 50% of the debt there will be moratorium of three years for payment of principal amount. Even in the case of the bonds guaranteed by the state governments the DISCOMs only have to discharge the debt. According to news paper reports the outstanding debt of the APDISCOMs stands at Rs. 16,000 crore. This debt is largely because of high cost power purchased in the open market at the behest of GoAP. Then the GoAP assured the DISCOMs that it would discharge the debt due to these purchases. Until now it did not do it. The DISCOMs continued to incur interest burden on this debt. According to CPDCL’s filing for the year 2012-13 “there were specific directions from GoAP to procure power from different sources, to meet the demand gap, with an assurance that the related cost will be met by the CPDCL by procuring Short Term Loans which will be discharged by GoAP in the subsequent years”. From this it is clear that GOAP has the responsibility to clear this deficit. In order to escape from this responsibility the GoAP readily agreed to be part of the financial restructuring plan of the GoI. We request the Commission to advise the GOAP to make necessary payment to reduce burden on the DISCOMs. Under Section 86 (2) of the Electricity Act, 2003 the Commission has the powers to give such advise. The Commission also has powers under Section 65 of the Act to direct the GOAP to pay this amount.

6.3 The DISCOMs are earning additional income from cross subsidy surcharge announced by the Commission, from fines under R&C measures and from FSA. But these figures are not mentioned by the DISCOMs in their filings. This will help to have a clear picture of financial problems facing these licensees.

Tariff Proposals:

7.1 DISCOMs propose to do away with telescopic tariff pattern. This will result in tariff shock to the households using electricity of 200 units per month. While the tariff burden will increase by more than 80% in the case of households using 200 units it will be about 55% in the case of households using 300 units and less than 50% in the case of households using 350 units in a month. But most of the additional demand for electricity is taking place among the households using more than 300 units of electricity in a month. Rationalisation of tariff has to take place within the telescopic pattern keeping in view the source of higher demand for power. Then only it will have any impact on conservation of electricity.

7.2 An analysis of existing domestic tariff shows that the households in 0-50 units slab constituting 50% of the domestic consumers and consuming only 12 percent of the power supplied to domestic consumers are paying higher average tariff than the consumers who consume more than 50 units in a month. This is mainly because of minimum charges. The average consumption of electricity per month per household in this category is only 15 units. In order to remove this unwarranted burden we suggest doing away with the minimum charges.

E-SEVA

8.1 E-seva centres are collecting additional amount over and above the amount mentioned in the electricity bill. This is an arbitrary additional burden on electricity consumers in the state. DISCOMs in the state are already collecting customer charges as allowed by the APERC as a part of the Tariff Order. These customer charges are made a part of the bill every time the respective DISCOM raises the bill against its each customer. By paying the amount printed on the electricity bill the respective customer is already paying towards metering and billing. To force the customer to pay additional amount while paying the bill at e-seva centres is arbitrary and additional burden which is not allowed in the tariff order issued by the APERC. This amounts to making the customer pay twice for the same service.

8.2 By collecting customer charges from the consumers the DISCOMs are obliged to put in place necessary metering and billing mechanism. In the past EROs/Bill Collection Centres were closed down to facilitate business for e-seva centres. It is needless to mention that a large number of e-seva centres are functioning from DISCOMs' premises and as pointed out by CAG in the past these e-seva service providers are also not paying rent for using these premises. Also, DISCOMs are paying e-seva service providers towards electricity bill collection. Allowing the e-seva to collect additional amount from electricity consumers amounts to paying these service providers twice for the same service.

8.3 The APERC in its Order dated 21-05-2011 in O.P. No. 38 of 2009 while refusing to intervene in the process of deciding the fee to be paid to e-seva by DISCOMs in the state made

the following observations which need to be noted by the DISCOMs in the state: “Be that as it may, the issue involved is in respect of the amounts to be expended by the licensees for the purposes of bill collection to a facilitator as service charge with whom the Commission is not at all concerned. In fact, the said amount is an expenditure which forms part of the O & M expenditure allowed by the Commission for the respective financial year while determining the Aggregate Revenue Requirement of the licensees. Within the said approval, it is for licensees to make arrangement for payment of any charges payable to service providers” (Para 19).

“Moreover, it is common knowledge that the licensee is already collecting the customer charges as it is a part of the bill and they have to be accounted as a nontariff revenue receipt. The petitioner does not state anything on the said aspect” (Para 23).

8.4 From the above it is quite evident that the expenditure towards metering and billing is already included in the bills raised against the consumers and they cannot be asked to pay for it once again.

8.5 In case at present there is no agreement between e-seva providers and DISCOMs it is obligatory on the part of DISCOMs to notify the same to all of its consumers and to open enough bill collection counters at convenient locations including the locations from where earlier EROs/Bill Collection Centres functioned. This also needs to be intimated to all the electricity consumers.

8.6 In the background of the above we request the Commission to direct the DISCOMs not to allow collection of additional amounts from the electricity consumers while paying bills at the e-seva centres.

Prayer to the Commission:

1. Not to allow tariff hike proposed by DISCOM.
2. Not to allow high fixed costs of new GENCO plants.
3. Not to allow hiked variable costs.
4. To allow the objector to be heard in person before the Commission takes any decision on this application of the DISCOMs.