

Andhra Pradesh Electricity Regulatory Commission

Hyderabad

Retail Supply Tariff Order for FY 2021-22 - Highlights

In view of the COVID-19 pandemic, the Commission conducted virtual public hearings for the first time on the ARR & Tariff proposals of the DISCOMs for the FY2021-22, from 18.01.2021 to 20.01.2021. All the stakeholders were given the opportunity to participate in the virtual public hearings online through all the Executive Engineers' Offices in the State. It is heartening to note that there was large public participation in virtual public hearings. After considering the views/objections/suggestions of all the stakeholders both oral and written and after in-depth scrutiny of the DISCOMs' filings, the Commission has prepared the Retail Tariff Order for FY2021-22. The brief highlights of the order are as under:

1. The three distribution licensees (APSPDCL, APEPDCL & APCPDCL), vide their ARRs and FPTs for FY2021-22, have projected a combined deficit of Rs.12,549 Crores at current tariffs and a deficit of Rs.11,741.18 Crores at the proposed tariffs with tariff hikes to certain categories of consumers and RESCOs. The Commission, after due diligence, has determined a net deficit of Rs.7,433.80 Crores for the three licensees, thus avoiding a possible burden of Rs.4,307.38 Crores on the consumers/the State Government. While arriving at the revenue gap for FY2021-22, the Commission has also taken into account the true-up amount of Rs.3,013 Crores determined for FY2014-15,

FY2016-17 to FY2018-19 and provisional true-down of Rs.3,373 Crores for FY2020-21.

2. The average cost of service (ACoS) has got reduced from Rs.7.17/unit as per the filings to Rs.6.37/unit as per approvals. The reduction in ACoS is mainly on account of adopting the ad-hoc tariffs instead of PPA tariffs in respect of wind and solar power plants as per the Hon'ble High Court orders.
3. The State Government has agreed to bear a subsidy burden of Rs.7,297.08 Crores in respect of Agricultural consumers eligible for free supply of power (Non-corporate farmers, Sugar Cane Crushing and Rural Horticulture Nurseries) & Dhobi Ghats for FY2021-22. As a result, this category of consumers will continue to avail the benefit of free power supply for FY2021-22 also.
4. The State Government, in order to maintain uniform tariffs across the State, has also agreed to bear a subsidy amount of Rs.136.72 Crores arising due to the concessional tariff extended to the domestic consumers of APEPDCL.
5. The State Government has also agreed to bear a subsidy of Rs.1,657.56 Crores arising due to the concessional tariff/free power extended to the various class of consumers as follows:
 - Free power up to 200 units/month to the consumers in SC & ST colonies/thandas.
 - Free power up to 150 units per month to the laundries run by BPL rajaka community.
 - Free power up to 100 units per month to the BPL MBC community.
 - Free power up to 100 units per month to the BPL professional goldsmiths.

- Free power up to 150 units per month to the BPL Nayer brahmin community.
- Free power up to 100 units per month to handloom weavers.
- Tariff subsidy of Rs.2.35 per unit on the cross-subsidized tariff of Rs.3.85 per unit to aqua culture consumers.

The above categories are brought under the direct subsidy under Section 65 of the Electricity Act, 2003 for the first time in terms of Government of India policy and as requested by the State Government.

6. The above subsidies totalling to Rs.9,091.36 crores will be borne by the State Government for the FY2021-22.
7. The Commission has accepted the proposal of the DISCOMs to collect Rs.10/kW/month from the domestic consumers in lieu of minimum charges. This decision of the Commission will benefit all the domestic consumers who do not consume energy in any given month on the one side and generate a moderate additional revenue to the DISCOMs from the consumers who consume energy on the other side.
8. The proposal of the DISCOMs to bill apartment consumers under a single point HT connection is rejected as it will create problems for the middle class apartment dwellers.
9. The proposal of the DISCOMs to remove fixed charges (Rs.100/kW/month) for the function halls, is accepted.
10. The proposal of the DISCOMs to merge aqua hatcheries & aqua feed mixing plants and poultry hatcheries & poultry feed mixing plants in the industry general category, is accepted. These consumers used to be billed under the industrial category up to FY2018-19. Though they have been merged in the industrial

category, they are exempted from paying ToD peak and off-peak charges. However, LT captive feed mixing plants of Poultry Farms, Pisciculture, Prawn Culture and Dairy Farms having independent connections and under exemption from GST are allowed to pay tariff of Rs.5.25/unit and demand charges Rs.75 per kW.

11. After an in-depth examination of the DISCOMs' proposal to change present peak ToD timings from "6AM to 10AM" to "4AM to 8AM", the same is rejected as it will effectively reduce off peak timings by 2 hours to the industry.
12. The proposal of the DISCOMs to withdraw the load factor incentive scheme to Industrial (General)-HT consumers, is accepted in view of the shortage of power estimated by the Commission in certain months during FY2021-22.
13. Existing Rice Millers and Pulverisers which could not exercise the option on or before 30.06.2020 and also those which came into existence from 01-07-2020 are given one more opportunity (option can be exercised on or before 30.06.2021) to avail the benefit of getting billed under LT Tariffs upto a connected load of 150 HP against the present limit of 100 HP, with certain conditions.
14. To promote the usage of environmental friendly Electric Vehicles for transport, the Commission has continued the tariff for the Electric Vehicles at a reasonable level of Rs.6.70 per unit. The DISCOMs are however entitled to recover only 90 percent of this tariff from the charging stations in order to keep electricity at affordable price to the EV owners.
15. The licensees have been directed to indicate the per unit details of Cost of Service, Cross-subsidy and Government Subsidy on the backside of electricity bills to all the categories of consumers.

16. The request of the private power plants which do not have binding agreement to include them in the power procurement plan for FY2021-22, is rejected to enable DISCOMs to take advantage of real time market opportunities to save power purchase costs.
17. In spite of affording ample opportunities to the RESCOs, they failed to obtain recommendation from the State Government for exemption of license for distribution of electricity for FY2019-20 & FY2020-21 which is mandatory as per the provisions of the Electricity Act, 2003. Hence, the DISCOMs have been directed to take over the activity of distribution of electricity in the RESCOs' area with immediate effect.
18. The DISCOMs have been directed to establish round the clock dedicated cell to monitor real time market prices to replace the costlier sources with cheaper sources from the exchanges as and when the opportunity arises to optimize the overall power purchase cost.
19. The DISCOMs (APEPDCL & APCPDCL) which have deficit RE to fulfil their RPPO, have been directed to purchase the same from surplus DISCOM (APSPDCL) at adhoc price of Rs.2.43/2.44 in order to avoid burden on the consumers in the form of RECs.
20. Grants to APSEEDCO have been approved to promote energy conservation and energy efficiency measures in the State.