



ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

#11-4-660, 4th Floor, Singareni Bhavan, Red Hills, Khairatabad
Hyderabad 500 004 Phones: 23397 - 381, 399, 556, 656 Fax: 2339 7378

Pdgs: E-1156/DD-P&PP/2021/D.No.

Date: 11-11-2021.

Read the following:

1. Lr. No. CGM/Projects/VJA/F.SECI-9GW/D.No. 996/21 dt: 05-11-2021.
2. Lr. No. CGM/Projects/VJA/F.SECI-9GW/D.No. 1005/21 dt: 08-11-2021.

<<< o0o >>>

Vide the reference 1st cited, the APCPDCL, on behalf of the APDISCOMs sought approval for an interim power procurement plan for the 5th Control period. The interim plan envisaged procurement of 7000 MW of solar power from SECI in a phased manner commencing from September 2024 as below for a period of 25 years with a ceiling limit of 17000 MU/year:

Tranche	Likely commissioning year	Quantity sought
1	September, 2024	3000 MW
2	September, 2025	3000 MW
3	September, 2026	1000 MW

Vide the letter referred 2nd above, the DISCOMs further sought permission to enter into a tripartite PSA along with Government of AP and SECI for procurement of power for a period of 25 years.

The gist of their proposal in brief is as follows:

1. That pursuant to COP21 deliberations, the Gol pledged in Intended Nationally Determined Contributions (INDCs) to reduce its emissions intensity by 33 to 35% between 2005 and 2030 and to that effect it has been focusing on accelerated use of clean and renewable energy by 40% by 2030 and that it is set to achieve 450 GW renewable energy installed capacity by 2030.

2. That there is a need to reduce the cost of service while ensuring quality power and 9 hours daytime free power supply to farmers in view of the GoAP's stated mission of achieving sustainable agriculture while lowering cost of cultivation and increasing farmers' income. It has been estimated that the subsidy support for free power supply to agriculture is likely to increase from Rs. 8,900 Cr. in FY 2020-21 to around Rs. 17,819 Cr. in FY 2030-31 considering release of new connections of 50,000 per year.
3. That it is advisable to de-risk the DISCOMs as soon as possible from the burden of Agricultural consumption by ensuring direct payment by GoAP through an exclusive payment security mechanism for purchase of power for agriculture needs, so that the DISCOMs' financial health improves.
4. That the indicative Energy Demand & Supply projection scenario considering the most recent historical sales, Covid_19 impact seen in FY 2021 and as per latest projections for the balance period of fourth control period (FY 2021-22 to FY 2023-24) and 5th Control Period (FY 2024-25 to FY 2028- 29) carried out at State level for the Agriculture and Non-Agriculture categories shows that by FY29, the proposed procurement, would effectively meet the required power for agriculture.

The Commission examined the request of the DISCOMs vis a vis the approved load forecasts and resource plans for the 4th Control Period and indicative forecasts and plans for the 5th control period. The year-wise indicative energy deficit for the State as a whole during the 5th Control Period as recorded in the Resource Plan for the 4th Control Period is as under:

Year	Energy Availability in MUs	Demand in MUs	Deficit in MUs
FY25	80,570	97,707	17,138 MU
FY26	80,521	106,247	25,726 MU
FY27	80,446	116,046	35,600 MU
FY28	80,439	127,141	46,702 MU
FY29	80,436	139,665	59,229 MU

As per the Long Term Electricity Demand Forecasting done by CEA in August, 2019, the State of AP will be having the following requirement (as per the SUR Model Baseline) in MUs for the period 2024 to 2030:

Year	Requirement in MUs
2024	87,801
2025	93,825
2026	100,169
2027	106,836
2028	113,830
2029	121,156
2030	128,820

The demand forecasted is comparable to the indicative forecasts of the resource plan. Therefore, the Commission finds that the proposed quantum of procurement is in accordance with the projected requirements.

Further, as justified by the DISCOMs, the country's march towards integrating more renewable sources is the need of the hour in view of the COP21 commitments. The recent commitments by the Hon'ble Prime Minister in COP26 that India will achieve net zero carbon emissions by 2070 also buttresses this conclusion.

In view of the foregoing, the Commission is of the considered view that procurement of the proposed energy is necessary and in the best interests of the power sector in the State.

The Commission has also taken note of contents of the reference 2nd cited wherein it has been inter alia stated that the Government has conceived the proposed plan of procurement mainly to achieve the objects of providing 9 hours daytime free supply to the farmers without increasing the financial burden on the State's DISCOMs for the next 25 years and to relieve the DISCOMs of accumulation of subsidy burdens.

The Commission has also noted from the said letters cited that the State Government will be one of the parties to the tripartite Power Sale Agreement (PSA) and that it will take care of payment security mechanism exclusively.

From the above, the Commission is satisfied that the proposed purchase of power will not cause any burden on any consumer category as the purchased power is meant for being

supplied to the agriculture sector, the cost of which will be completely borne by the AP State Government. Equally, the existing DISCOMs will also be freed from supplying power from their own resources to the agriculture sector, and eventually the supply activity will be taken over by the AP Rural Agriculture Power Supply Company (AP RAPSCoM).

In the light of the above, the Commission grants approval of the proposal to procure 7000 MW supply in three tranches as proposed by the AP DISCOMs and permit them to enter into tripartite PSA which shall however be subject to the determination of tariff by the Appropriate Commission as per the provisions of the Electricity Act, 2003.

The above approval is subject to the following further conditions:

- i) The State Government shall ensure that the transmission and distribution network is adequately strengthened to cater to the injection of the proposed power before the commencement of power supply.
- ii) The DISCOMs are entitled to claim from the Government of AP, wheeling and other charges, if any, in supplying the proposed power.

(By order of the Commission)


Commission Secretary_(i/c)

To:

The Chairman and Managing Director, APCPDCL, Corporate Office, Dr.Y.S.R.Vidyut Soudha, Beside Govt Polytechnic College, ITI Road, Vijayawada - 520 008.

Copy to:

The Secretary to Government,
Energy (Power - III), Department, A.P.Secretariat, 2nd Building,
Ground Floor, Velagapudi, Thullur Mandal, Guntur District, AP - 522 238.