

## ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

### APERC – Fuel Surcharge Adjustment for the 3<sup>rd</sup> Quarter of 2003-04 – Order issued

Proceedings APERC / Secy / Dir (Tariff) / No.5/Dt: 02 -04-2004

1. Under clause 45 B of Conduct of Business Regulations as amended vide Regulation No 1/2003 read with Section 26(9) of AP Electricity Reform Act, 1998 (No. 30 of 1998) and Tariff Order for 2003-04, additional fuel and power purchase cost has to be passed on to all non-agricultural consumers as Fuel Surcharge Adjustment (FSA) quarterly from 1-4-2003.
2. The FSA proposals are submitted by APTRANSCO for the 3<sup>rd</sup> quarter of 2003-04 i.e., Oct-December 2003, claiming an FSA of 17.109 paise per unit with following details.

(a) Actual variable cost for the third quarter	Re 0.9476/ Kwh.
(b) Variable cost adopted in tariff order	Re 0.8317/kwh
(c) Difference in variable cost a-b	Re 0.1159/kwh
(d) Amount of energy purchased in the quarter	11130 MU
(e) Amount of energy considered in Tariff Order	11031 MU
(f) Amount of increase in Variable cost $c \times e / 10$	Rs 127.8860 Cr.
(g) Reduction in Fixed cost in the quarter	Rs 42.6127 Cr
(h) Net claim of increase in power purchase cost.	Rs 85.2732 Cr
(i) Non Agricultural Energy consumption in the quarter	4984.1042 MU
FSA claim for second quarter $\frac{(h) \times 10}{(i)}$	Re 0.17109/kwh

3. The Commission examined the proposals submitted by Licensee and noted that with regard to NTPC Simhadri Power station commercial operation of all the units were completed in March 2003. As per the Government of India notification the period of stabilization is six months from Commercial Operation Date (COD). Hence from September onwards normal operating conditions prevail and normal operating parameters have to be applied. Licensee has however, claimed FSA on the basis of stabilization period norms. For this reason if the Licensee has paid additional amounts, the same has to be claimed from NTPC, and the claims should include the interest .

4. Gist of the claims and comparison with GoI norms are placed below :

Power Station	Post stabilization Oil heat rate component		Post stabilization coal heat rate component		Auxiliary Power Consumption	
	GOI norm Kcal/Kwh	Claim in filing APTRANSCO KCal/kWh	GOI norm Kcal/Kwh	Claim in filing APTRANSCO KCal/kWh	GOI norm %	Claim in filing APTRANSCO %
Simhadri	34.5	47.55	2465.5	2552.45	8%	8.5%

The Commission disallows the additional claim of Rs 3.6055 Crores worked out as excess as per the GoI norms for third quarter of 2003-04.

5. Power purchases from M/s Sagar Sugar were disallowed by the Commission as co-generation was not established (Order dated: 01-10-2003). It cannot be treated as Non-conventional source of energy to get compulsory dispatch. Hence, the Commission disallows the claim of Rs.8.1736 Crores made by APTRANSCO as payments to M/s Sagar Sugar. For any power purchases from M/s Sagar Sugar in deference to the court order, Licensee has to submit the details.

On the basis of the above two facts, the revised calculations of FSA are as under :

(a)	Units purchased for sale to DISCOM	11,031 MU
(b)	Increase in Power Purchase costs in the quarter compared to Tariff order	Rs. 73.4941 Crs
(c)	Non-agricultural energy consumption during the quarter	4984.1 MU
(d)	FSA to be charged for the energy consumed during the quarter on non-agricultural consumption.	14.7457 paise / kWh

The Commission approves the FSA of 14.7457 paise / kWh in respect of the energy consumed by the non-agricultural consumers during the 3<sup>rd</sup> quarter i.e., Oct-December 2003. The DISCOMs / RESCOs shall publish notice in the press informing the consumers of the above FSA charges as required by the APERC (Conduct of Business) amendment Regulation No.1 of 2003. The Commission directs that the FSA amount for the 3<sup>rd</sup> quarter shall be collected in 3 equal monthly installments without liability to pay interest for this installment schedule.

(This proceeding is signed by the Commission on 2<sup>nd</sup> April 2004).

**(By Order of the Commission)**

SECRETARY

To

1. The Chairman and Managing Director, APTRANSCO,  
Vidyut Soudha, Hyderabad.
2. The Chairman and Managing Director,  
All Distribution and Retail Supply Licensees
3. All Managing Directors of nine RESCOs