



**Andhra Pradesh Power Coordination Committee (APPCC)
Vidyut Soudha :: Vijayawada**

From
Chief General Manager,
Power Purchase,
APPCC,
Vidyut Soudha,
Vijayawada - 520004

To
The Secretary,
Central Electricity Regulatory Commission,
3rd & 4th floor, Chanderlok Building
36, Janpath,
New Delhi - 110001

Lr. No. CGM(PP)/GM(PP)/DGM-CGS/F.No. / D. No. 127/24, Dt. 19-02-2024.

Sir,

Sub: APPCC/APDISCOMS-Comments/Suggestions on Draft Tariff Regulations for tariff period 2024-29-Submitted-regd.

The comments/suggestions on the Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for the tariff period from 1.4.2024 to 31.3.2029 as notified by Hon'ble CERC on 04.01.2024 are herewith submitted on behalf of APDISCOMS.

The same have been uploaded on SAUDAMINI portal for further consideration please.

Encl: Comments/Suggestions



DGM/PP

Gm/PP

Yours faithfully,

Chief General Manager
Power Purchase/APPCC
Vidyut Soudha/Vijayawada.

Copy submitted to :

Member Convenor/APPCC/Vidyut Soudha/Vijayawada-520004

21/2/24

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Ord.
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REG NO	SUBJECT	REMARKS
3/(67)	Reference rate of interest	The reference rate of interest is kept on higher side and the same has been used to calculate interest on working capital etc . As MCLR itself on higher sides, additional 325 basis points would be a burden on the beneficiaries and hence it may be redefined as MCLR + 250 basis points (up to) and may be ceiled to suitable value as per commission's discretion. Also the interest rates in the market are on declining trend. Hence it is requested to reduce from 325 to(upto) 250 basis points
10/(7)	Difference in provisional and final tariff	The following lines from the quoted regulation is very welcoming and beneficial to consumer and may be implemented : "..no interest shall be allowed or levied during the period of six monthly installments.." "..in case wherein money is to be refunded and there is delay in the raising of bills by the generating company or transmission license beyond 30 days from issuance of the order, it shall be applied with the late payment surcharge..."
30/(2) & 30/(3)	ROE for thermal stations for existng projects and those to be achieving COD after 01.04.2024	The ROE % is very high i.e. 15.5%. This has huge impact on beneficiaries owing to multiple costs that they are paying to a thermal station including additional capitalisation etc. Hence in the view of consumer interest and also to encourage RE generating stations, the ROE for existing projects may be reduced to 12% and to those thermal stations whose COD on or after 01.04.2024 may be reduced to 10%
30/(3)	ROE for additional capitalisation including additional capitalisation for emission control/change in law/force majeure	The ROE rate has been taken as MCLR +350 basis points subject to ceiling of 14%. The ceiling may be reduced to 10% as it is on additional capitalisation
30/(3)/iii	Impact of ramp rate on ROE	It has been mentioned that in case of failure of following ramp rate as per IEGC, ROE shall be reduced by 0.25%, while on performance above that mentioned in IEGC regulations, increment of ROE is 0.25%. The penalty has to be more as the generator is not abiding by the IEGC regulations. Hence, the incentive for ramp rate over and above the rate mentioned in IEGC may be reduced from 0.25% to 0.15%
34/(3)	Interest on working capital	As per the draft regulations, interest on working capital is charged at the reference rate of interest . It may be modified as actual rate of interest paid by generator or reference rate of interest, whichever is lower
44/(3)	RoE for integrated mines	As the risk is ver less for integrated mines generation, it is requested to reduce the RoE to 10% or lower
59	Transit and handling losses	The transit and handling losses for pithead nad non-pithead may be modified as: 1. Pithead-0.1% 2. Non-pithead-rail: 0.4% 3. Non-pithead multimode: 0.5%
62	Computation of capacity charges for thermal stations	For computation of capacity charges along with PAF,Coal stock up to 45 days period should also be linked for avoiding manipulation of DC by generators with out sufficient coal stock.

62/(5)	Upto 1% of AFC incentive for Avg monthly Freq response	The formula for arriving at the incentive amount may be changed from CC/12 to CC of the nth month which depends on its PAF . As a result, the amount won't be fixed every month and is also subjected to its PAF. Also proposed incentive % of 1% is high considering the fact that generators are already receiving incentive for SRAS and TRAS. Hence it is requested to reduce incentive from 1% to 0.5%
62/(6)	Peak hours incentive for generation beyond NAPLF	The incentive for present control period for peak hours is 65 paise/unit. It is requested not to enhance this further to 75 paise/unit. The purpose for markets is to create more competitive power procurement in real time. Markets depend on demand-supply forces. Linking the incentives with market prices is unjust and need to be reviewed.
64/(4)	Blending of alternate fuel upto maximum 6% by weight without prior consultation of beneficiaries	As beneficiary consultaion is not being taken, it is requested to ceil the ECR arrived during blending period, as otherwise beneficiaries have to incur huge amounts on energy charges.
65/(4)	Incentive on frequency response performance for hydro stations	The incentive of upto 4% of Cap charges is on very higher end as it is a known fact that hydro stations are more flexible for operation for real time dynamic Load Generation variations as compared to thermal stations. Hence the incentive of 4% is on unacceptable and they may be incentivised not more than 1% similar to thermal stations
81	Sharing of gains due to variation in norms.	The financial gains on account of controllable parameters shall be shared between the generator/transmission licensee and the beneficiaries on monthly basis but not on annual basis as it would net off the losses with gains and resulting to reduction in gains to the beneficiaries for the lapses of the generators.
85	Sharing of Clean development mechanism benefits	It is to mention that beneficiaries are paying full amounts to generating station for emission reduction units in Cap charges and energy charges. Hence it is just to say that any benefits or gains that a generating station receives from these are to be shared with beneficiaries in 1:1 ratio rather than incrementally increasing from 0% to 50% with gradual increment of 10% every year from COD as proposed.
94	Filing, publication and other expenses	All tariff publication and filing expenses to be borne by both beneficiary and generating station/transmission license in 1:1 ratio. In cases of review petitions filed by grieved parties, the charges are to be borne by the particular petitioner and not to be claimed on beneficiaries.