



# APSEB Assistant Executive Engineers' Association

(Regd.No: 1185/1977)

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**Er.K.Anil Babu**

To  
The Commission Secretary,  
APERC,  
Red Hills,  
Hyderabad.

Respected Sir,

**Sub:** - APSEBAEEA – Views / Objections on the ARR, tariff proposals of AP Discoms for their retail supply business for the year 2024-25 – Submitted – Regarding.

**Ref:** Public notice dated 10.12.2024

AP DISCOMs have submitted aggregate revenue requirement and tariff proposal for their retail supply business for the FY 2024-25, with reference to the public notice dated 10.12.2024 APSEB Assistant Executive Engineers Association wishes to bring some suggestions/objections on the matter of ARR, Tariff proposal for FY 2024-25 of the AP Discoms.

In the submitted ARR proposal for the year 2024-25, APDISCOMs have projected a total energy requirement of 83118.13 MU and revenue requirement of 56,573.02Cr (Rs 22,859.24Cr for APSPDCL, Rs 21,161.86Cr for APEPDCL and Rs 12,551.92Cr for APCPDCL). It is also proposed the revenue deficit of Rs 13,876.87Cr (Rs 7,583.34Cr for APSPDCL, Rs 3,296.98Cr for APEPDCL and Rs 2,996.55 Cr for APCPDCL) without full cost recovery.

Further, APDISCOMs have shown Non-Tariff Income of Rs 2,213.48Cr. (i.e Rs 1,388.40Cr for APSPDCL, Rs 432.56Cr for APEPDCL and Rs 392.52 Cr for APCPDCL). In the non-tariff income the Delay Payment Surcharge from consumers is a major portion i.e. approximately 90% of NTI. But Late Payment Surcharge being paid by DISCOMs to the Generators is not considering in tariff determination, due to Delay in payment of charges by the consumer or delay in paying subsidy by the Government lead to delay in payments to the Generators which implies late payment surcharges.

In this regard, APSEB AEEA requested the Hon'ble commission not to consider DPS as NTI, otherwise allow the interest on working capital loans which were taken to meet the delay in GOVT Subsidy Payments and LPS. And also requested to direct the Government to pay Late Payment Surcharge on the delay payment of Subsidy to the DISCOMs.

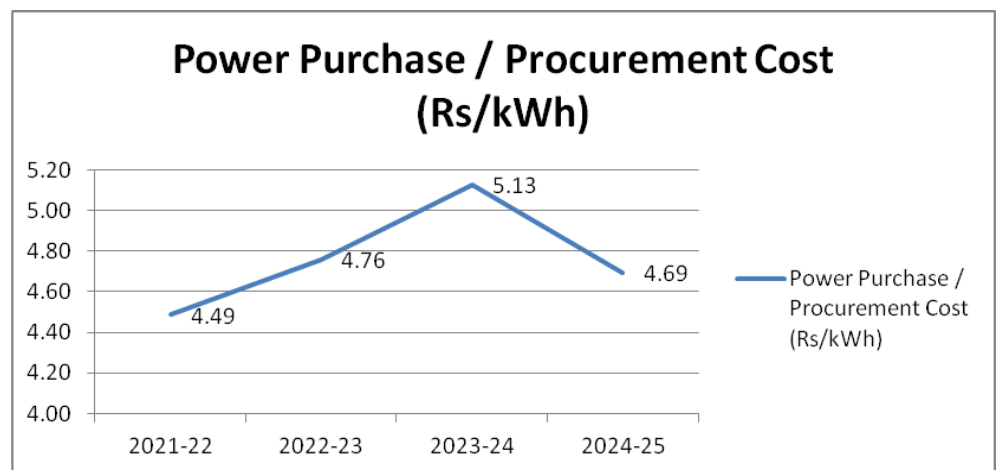
As per the ARR proposals of DISCOMs the average cost of supply for FY 2023-24 is Rs 8.07/kWh (for Energy dispatch of 70491.92MU) and for FY 2024-25 is Rs 7.59/kWh (for Energy dispatch of 74522.67MU). Means DISCOMs have Projected Rs 0.48/kWh less COS for FY 2024-25 when compared to the FY 2023-24. But from 2019-20 to till now COS is increasing Year by Year. In view of the above it is clear that, the revenue gap for FY 2024-25 will further increase.

Vijayawada,  
Dt: 08-01-2024.

It is to Submit that, the proposed ARR for FY 2024-25 and RE of 2023-24 are as follows:

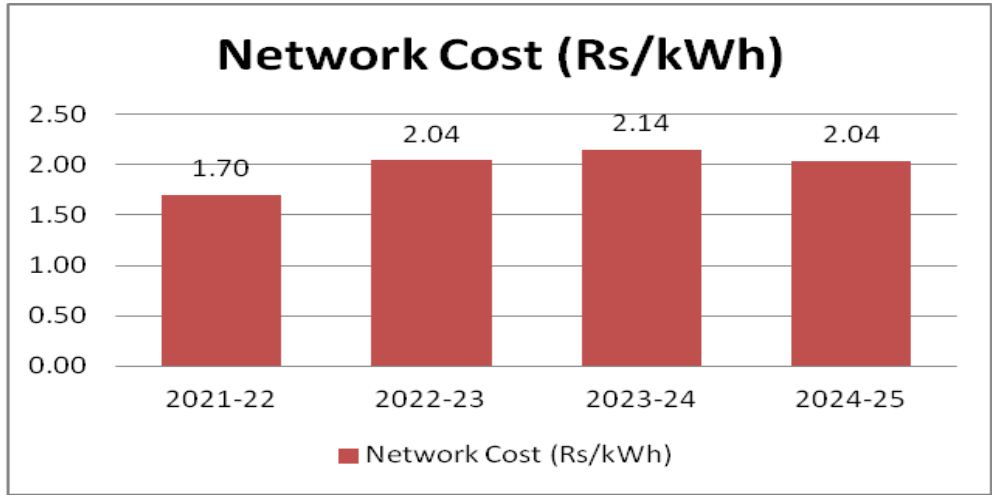
### Aggregate Revenue Requirement for Retail Supply Business of All DISCOMs

Revenue Requirement Item (Rs. Crs.)		2021-22	2022-23	2023-24	2024-25
1	Transmission Cost	2,142.02	2,894.07	3,396.83	3,906.36
2	SLDC Cost	58.32	69.82	76.42	87.89
3	Distribution Cost	6,998.80	8,979.60	10,157.10	9,514.42
4	PGCIL Expenses	1,040.68	1,288.26	1,500.00	1,725.01
5	ULDC Charges	6.31	3.18	3.17	3.64
6	<b>Network and SLDC Cost (1+2+3+4+5+6)</b>	<b>10,246.14</b>	<b>13,234.94</b>	<b>15,133.52</b>	<b>15,237.32</b>
7	Power Purchase / Procurement Cost	30,061.28	34,289.74	40,214.20	39,017.60
8	Interest on Consumer Security Deposits	209.47	328.71	432.52	486.27
9	Additional Interest on Pension bonds of APGENCO Order	954.32	987.70	1,231.58	1,346.53
10	Supply Margin in Retail Supply Business	56.96	86.51	81.34	83.12
11	Other Costs, if any	233.86	70.52	112.72	402.21
12	<b>Supply Cost (8+9+10+11)</b>	<b>31,515.88</b>	<b>35,763.19</b>	<b>42,072.36</b>	<b>41,335.73</b>
13	<b>Aggregate Revenue Requirement (7+12)</b>	<b>41,762.01</b>	<b>48,998.13</b>	<b>57,205.88</b>	<b>56,573.05</b>
14	<b>Total Energy (MU)</b>	<b>66,997.37</b>	<b>72,040.24</b>	<b>78,405.12</b>	<b>83,118.13</b>
15	<b>Power Purchase / Procurement Cost (Rs/kWh)</b>	<b>4.49</b>	<b>4.76</b>	<b>5.13</b>	<b>4.69</b>
16	<b>Network Cost (Rs/kWh) with 10% average T&amp;D losses</b>	<b>1.70</b>	<b>2.04</b>	<b>2.14</b>	<b>2.04</b>



From the above it is clear that, the Power procurement cost is increasing considerably, but for 2024-25 the PP cost has been deflated.

It is to submit that, by the addition of SECI-Solar Power of 3000MW the Power Procurement cost will further increase. This will lead to increase of revenue gap of the APDISCOMs. In this regard, APSEB AEEA is opined that, the addition of remaining 4000MW ( 2025-3000MW and 2026-1000MW) of SECI-Solar Power in the upcoming years will further increase the Power Procurement cost. Hence, the PSA of SECI Solar Power has to be reviewed.



From the above it is clear that, the Network cost is increased from Rs 1.70/kWh in the FY 2021-22 to Rs 2.14/kWh in the Year 2023-24. At this juncture Discoms are investing huge in the form of RDSS with inflated cost of materials. This will further increase the network cost inturn COS per kWh will throw the APDISCOMs into severe financial crisis.

Hence, APSEB AEEs' Association requesting the Hon'ble Commission to Direct the APDISCOMs to avoid unnecessary investments and also requested to direct the DISCOMs to make available the details of the investments of RDSS and the impact on COS in public domain.

In the proposed ARR, DISCOMs have procured 5929.56MU in the FY 2023-24 till October 2023 with an average of Rs 9/kWh which costs around 5336Cr. The Market procurements can be minimized by keeping the coal stocks at APGENCO generating stations as per norms and by following the proper O&M practices at APGENCO Generating stations and by avoiding excess VRE integration.

Hence, APSEBAEEs' Association is requesting the Hon'ble commission to consider the above views to do favour to the consumers and AP Power Utilities.

Thanking You Sir,

Yours sincerely,

S. Prathap  
General Secretary  
APSEBAEEA

**Copy Submitted to :**

**The CGM (RA & PP)/ APEPDCL/Visakhapatnam.**

**The CGM (RAC & IPC)/ APSPDCL/Tirupathi.**

**The CGM (RAC)/ APCPDCL/Vijayawada.**