



A.P. TEXTILE MILLS ASSOCIATION

(FORMERLY KNOWN AS A.P. SPINNING MILLS ASSOCIATION)

2nd Floor Manoharam Skin Clinic, 4/2, Lakshmpuram, GUNTUR - 522 007, A.P., India

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Lr. No. 69B/ APERC/ Objections / 2023-24 dated 7.1.2024

Guntur
Dt. 7.1.2024

To
The Secretary
Andhra Pradesh Electricity Regulatory Commission (APERC)
Hyderabad - 500004

Subject: Submission of objections in O.P. Nos. 74 , 75 and 76 of 2023 - ARR and
Tariff Proposals for FY 2024-29

Respected Sir,

We the AP Textile Mills Association would like to bring to your attention the filing
of ARR and Tariff proposals for the financial year 2024-29 by the Andhra Pradesh
Distribution Companies (DISCOMs).

Our organization is keenly following the developments related O.P. Nos. 74 , 75
and 76, which concern the ARR and Tariff proposals. As a stakeholder in the
electricity sector, we understand the importance of these proceedings in shaping
the regulatory landscape for the upcoming fiscal year.

We acknowledge the significance of the Commission's role in ensuring a fair and
transparent tariff-setting process that balances the interests of consumers and
the sustainability of the power sector. The outcome of these proceedings will
undoubtedly have a substantial impact on the electricity industry in the state.

In view of the above, we request the Commission to consider our interests and
concerns during the hearings on O.P. Nos. 74 , 75 and 76. We are open to
providing any additional information or participating in the proceedings as
required.

Enclosed herewith are any supporting documents and representations that may
assist the Commission in its deliberations on the ARR and Tariff proposals.

Thanking you sir,

JalTariff
for
08/01/24
Secretary (i/c)



Yours faithfully,
U.M.Kumar
U.M.Kumar
Secretary
AP Textile Mills Association

Copy to the CMD AP CPDCL, AP SPDCL, APEPDCL





1 A.P. TEXTILE MILLS ASSOCIATION

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BEFORE THE ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION AT HYDERABAD

O.P. Nos. 74, 75 and 76 of 2023

In the Matter of :

5th Control Period FY 2024-2029 MYT ARR and Tariff proposals for Distribution Business filed by AP-DISCOMS.

MEMORANDUM OF OBJECTIONS

filed on behalf of

A.P. TEXTILE MILLS ASSOCIATION

2nd Floor, Manoharam Skin Clinic, 4/2 Lakshmipuram, Guntur 522007

Contact Emailcontact @aptma.org Phone: +91 863 2244146

May it please the Hon'ble Commission:-

These objections apply to all the Discoms. However, the filings of APCPDCL are considered hereunder for reference and convenience so as not to be repetitive.

Background and relevant facts of the Objector and its members

1. The Objector herein is an association of textile mills in the State of Andhra Pradesh.
2. Some of the members of the Association have wind and/or hydel captive generating plants. The energy generated by the captive generated plants is wheeled under open access to the industrial units. In view of the inherently infirm nature of the wind/hydel captive power plants, the captive user industrial undertakings invariably have a CMD with the distribution licensee to meet the full extent of the demand of their loads. The demand charges are paid. The wheeling of captive energy does not entail any increase in the recorded demand of the industrial units. The wheeled captive energy only

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substitutes for energy otherwise drawn from the licensees as and when, and to the extent, wind / hydel generation is available varying from time to time.

Some Observations and Queries on the ARR/FPT filed

3. The methodology for arriving at the wheeling charges for each voltage at 33 and 11 kV is to divide the Distribution business ARR as allocated to each voltage by the aggregated contracted demand at each voltage adjusted for losses.

For Long term OA agreement, purportedly on this basis the wheeling charges, say for FY 2024-25 at 33 kV, has been computed as Rs. 83.02 /KVA/month considering the ARR for the 33 kV as Rs. 33 crs and the adjusted contracted demand at 33 kV as 329 MW.

For Short Term OA Agreements, the charge is proposed for 33 kV consumer for FY 24-25 at Re. 0.12 per unit. This is presumably arrived at by dividing the amount of Rs. 83.02/KVA/month by 720 hours in the month.

4. It is noticed that the charges for 11 kV are as much as over 8 times the charges for 33 kV. This is truly astonishing and unbelievable. The inordinately wide divergence requires to be explained by the licensee.
5. There is lack of clarity on the manner in which the proposed wheeling charges will be applied and levied. The licensee may clarify.
6. In CPDCL filing on page 20, the following statements are found :-

Since all the consumers including those connected at EHT network (132kV & above) are in the fold of the APDISCOMs and drawals of consumers from Open Access sources i.e Third Party Generators / Traders or Exchanges is included in the DISCOM drawals, the wheeling service is supposed to be provided by the DISCOMs only. The DISCOMs are already paying Transmission Charges for their peak drawal which includes drawals pertaining to intra state and interstate open access transactions.

For availing the wheeling service by an EHT consumer, he has to refer the Transmission Tariff order for the purpose of applicable charges and losses. Since Wheeling service is not privy to the voltage level and is relevant to the consumer / consumption, APDISCOMs

M. M. Kumar



felt it appropriate to indicate the wheeling charges for availing the network service at EHT level also in the Wheeling Tariff Order from the 5th Control period, issued by the Hon'ble Commission for the convenience of the Consumer.

As per clause 18 of APERC Open Access Regulation regarding payment terms & conditions, the Distribution Licensee has to invoice an User in respect of the Open Access charges. By indicating transmission charges also in the Wheeling order, facilitation is provided such that the prospective consumers need not refer the transmission order for the purpose of availing the service.

What can be understood from the above is as follows –

- (a) Wheeling and transmission charges will be levied and collected only by the Discom in which the consumer is located.
- (b) Since the Discom is paying Transmission charges with respect to its entire consumer demand, no transmission charges will apply to on the OA energy delivered within the Discom.
- (c) If the OA energy is injected in, say SPDCL, for drawal by a consumer in CPDCL, the wheeling charges will be levied only by CPDCL and no transmission charges will apply.
- (d) If OA energy is injected at EHT for drawal by a consumer in a Discom, no transmission charges will apply and only the wheeling charges of the Discom of the consumer will be levied.
- (e) If OA energy is injected anywhere at below 33 kV for drawal by an EHT consumer, only the transmission charges will apply which is to be paid to the Discom of the drawal consumer.

It is necessary for the Discom to confirm the above for a clearer understanding of the proposal. If otherwise, the licensee may clarify in detail.

U.M. Kumar



Scope and Basis of levy of Wheeling Charges on Open Access Transactions

7. In the case of LTOA, it is not stated as to what capacity the proposed wheeling charge is to applied. Further, where there is more than one drawal point in different Discoms, it is not clear as to how is the charge to be levied.

If the basis is so-called "contracted capacity", the question then arises as to what is meant by "contracted capacity"

In the case of renewable energy generators, the licensees have been wrongly and unjustly asserting that the installed capacity of the power plant is the contracted capacity.

Because of the inherent infirm nature of wind / hydel energy generation, the installed capacity of such generating stations is never fully reached. The CUF of wind generation is of the order of 20% to 25%. The CUF of the hydel generation is ordinarily around 30% but it may be substantially less during periods of droughts. The levy of wheeling charges on the installed capacity is an unjust extortion. It is tantamount to levy of a high and unjust charge on much of the capacity known and expected to be idle. It is also gross unjust enrichment of the licensee. This issue requires urgent and remedial action.

8. The Hon'ble Commission may consider the levy of wheeling charges on wind/hydel LTOA on the basis of the actual average demand for each month computed on the basis of the energy injected during the month. This may be done with separately with respect to each point of drawal by a consumer.

Alternatively, the wheeling charge for wind/hydel generation, irrespective of whether it is LTOA or STOA, may be on a reasonable and fair per kWh basis applied on the number of units actually injected from time to time.

9. There is another aspect that merits serious consideration so far as the quantum of open access to the consumer is within the CMD of the consumer with the Discom. The consumer pays demand charges every month which

Z.M. Kumar



covers the network usage cost for the entire demand within the CMD. Therefore the Discom is already receiving the charges and its ARR is met. There is therefore no case for levy of wheeling charge again on the open access energy that is within the CMD of the consumer with the Discom. There must not be multiple charging on the same account which leads to unjust enrichment of the licensee.

10. All the submissions hereinabove may be considered without prejudice to one another and/or as in the alternative.

Participation at Public Hearing – Oral Submissions

The Objector desires to be heard at length through counsel, Sri K. Gopal Choudary and Sri T. Sri Charan, Advocates, at the Public Hearing.

It is requested that the hearing of the Objector herein be scheduled for the 30th or 31st January in the post-lunc session, and prior intimation of the date and time for hearing the Objector heiein may be intimated in advance.



21.1.2024

2024 January 07

On behalf of the Objector