



ANDHRA PRADESH CENTRAL POWER DISTRIBUTION CORPORATION LIMITED
Dr. Y.S.R Vidyuth Soudha, Corporate office, ITI Road, Vijayawada-520 008

From
The Chief General Manager/RAC,
Corporate office,
APCPDCL, Vijayawada

To
Sri Sidhartha Das,
Vice President, Commercial,
M/s. Hinduja National Power Corporation
Ltd,
Palvalasa Village, T devada Post,
Steel Plant (Sub Office)
Pedagantayada mandal,
Visakhapatnam-530031

Lr.No.CGM/RAC/GM/PP&RAC/CP/VJA/F.No.76/D.No. 347 /24, Dt: 17.01.2024

Sir,

Sub: APCPDCL - Replies to further objections raised by Sri Sidhartha Das, Vice President, Commercial, M/s. Hinduja National Power Corporation Ltd, on ARR & Tariff Proposals of Retail Supply Business for the FY 2024-25 in OP No. 72 of 2023 - Reg.

Ref: Party's representation, dt.05.12.2023.

Referring to the further objections raised by Sri Sidhartha Das, Vice President, Commercial, M/s. Hinduja National Power Corporation Ltd on ARR & Tariff Proposals of Retail Supply Business for the FY 2024-25 in OP No. 72 of 2023, the reply is furnished as hereunder.

Objections & Replies:

This has reference to HNPCL letter (ref # 2) wherein HNPCL has submitted the data to be considered by APEPDCL, APSPDCL and APCPDCL (jointly called as AP Discoms) for the Annual Revenue Requirement and Tariff Proposal for Retail Supply Business for H2 FY:2023-24 and FY:2024-25 with Hon'ble APERC for approval. HNPCL has provided details pertaining to Availability and Tariff (fixed cost and variable cost) for H2 of FY 2023-25 and FY 2024-25 addressed to AP Discoms.

APDiscoms have proposed the ARR as follows.

"3.5 ENERGY AVAILABILITY.

The energy availability of all Thermal Stations except CGS have been considered based on their past three year performances. This is inline with the methodology adopted by the Hon'ble Commission in the current year (FY 2023-24) retail supply tariff order. The fixed costs as approved in the respective MYT orders / discovered in bidding process and incorporated in the PPAS are also scaled down in accordance with the PLFs adopted.

<i>Station name</i>	<i>Energy Generation Oct-20 to Sep-23-MU</i>	<i>Plant Load Factor (PLF%)</i>	<i>PLF % considered</i>
<i>Dr. NTPS</i>	<i>22052.66</i>	<i>73.19</i>	<i>80</i>
<i>Dr.NTPS IV</i>	<i>9317.18</i>	<i>76.66</i>	<i>80</i>
<i>Dr. NTPS-V</i>	<i>New Project</i>		<i>80</i>
<i>RTPP Stage-I</i>	<i>4655.50</i>	<i>46.35</i>	<i>55</i>
<i>RTPP Stage-II</i>	<i>5935.69</i>	<i>59.10</i>	<i>60</i>
<i>RTPP Stage-III</i>	<i>2839.65</i>	<i>56.54</i>	<i>60</i>
<i>RTPP Stage-IV</i>	<i>9927.19</i>	<i>66.80</i>	<i>65</i>
<i>APPDCL Stage-I</i>	<i>18728.35</i>	<i>47.64</i>	<i>55</i>
<i>APPDCL Stage-II</i>	<i>1399.85</i>	<i>37.73</i>	<i>55</i>
<i>HNPCL</i>	<i>7497.82</i>	<i>54.95</i>	<i>60</i>
<i>SEIL P1(625 MW)</i>	<i>New Project</i>		<i>90</i>

We find that the data submitted by Discoms in the above table pertains to past three (3) year period Oct 2020 to September 2023 and the average PLF considered is 60% basis the data relied upon by Discoms.

We would like to bring to your attention that choosing the basis of 2020-2023 will not be the correct reflection of HNPCL's generating capacity, as during 2020-2022 Discoms had suspended the power offtake from HNPCL plant despite the directions from the Hon'ble Supreme Court, during the pendency of the Civil Appeal filed by Discoms against the APTEL order of 7-1-2020.

The Hon'ble Supreme Court had given its interim order of 21-8-2020 had modified its interim stay by clarifying/directing that there is no stay on the Interim Order dated 16-3-2018 passed by Hon'ble APTEL which mandated Discoms to procure power from HNPCL. After passing of the said order by the Hon'ble Supreme Court, it was expected that s APDiscoms would schedule power from HNPCL till the pendency of the case. However, APDiscoms choose not to schedule power from HNPCL till the Hon'ble Supreme Court final order. During this period from 02.02.2020 till 17.02.2022, HNPCL plant remained under reserved shutdown even though there was enough coal for generation on the basis of day ahead scheduling. Subsequently APDiscoms recognized the same and made the payments for fixed charge for the same (ref # 5). With this even if the plant remained shutdown for reasons not attributable to HNPCL, it was technically available. It would be grossly incorrect to consider the PLF for this shutdown period for estimating the actual PLF for purpose of ARR Fy 24-25, in respect of HNPCL. The period of 2020-2022 grossly vitiates the actual generating capacity of HNPCL plant due to reasons stated above.

Kindly refer to the ARR submitted by HNPCL vide letter dated 03.11.2023, in which HNPCL has declared its availability of 85% for the Fy 24-25 (ref# 2). HNPCL is poised to achieve this PLF in Fy 24-25 subject to approval of alternate coal in the event of short fall of domestic coal in line with clause 2.9 of the consolidated PPA dated 17.02.2023 (ref# 4) signed in line with the Hon'ble APERC order dated 01.08.2022. We thus request APDiscom to consider PLF of 85% for the Fy 24-25 accordingly.

APDiscoms have considered HNPCL Fixed charge as Rs1.43/unit. Kindly appreciate that APERC has not yet determined the Tariff for the control period Fy 24-25. Meanwhile HNPCL has appealed against the Hon'ble APERC review order dated 21.06.2023 in Hon'ble APTEL and the matter is pending for hearing. With this even though HNPCL has put up the ARR application on the basis of Rs 1.43/ unit for fixed charge, it is subject to approval from APERC and is subject to outcome of the appeal pending before Hon'ble APTEL.

We request the AP Discoms to acknowledge our objections and submit the revised ARR to the Hon'ble Commission. We request the Hon'ble APERC to give us an opportunity of being heard in the ARR proceedings in the public hearing. Annexure A as per APERC format is annexed. HNPCL pleads appropriate directions from this Hon'ble Commission to APEPDCL, APSPDCL and APCPDCL to consider, accommodate the data of ARR 2024-25 as filed by us.

We remain at your disposal for any further clarifications.

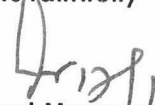
Reply: The energy availability of all thermal Stations of APGENCO, APPDCL, M/s SEIL and M/s HNPCL have been considered based on their past three-year performances. This is in line with the methodology adopted by the Hon'ble Commission in the current year (FY 2023-24) retail supply tariff order. The fixed costs of the stations also have been reduced in proportionate to the reduced availabilities. Past experience indicates that these generators were unable to supply the power they have projected on paper.

The cumulative availability of M/s HNPCL during FY2022-23 is 54.79% only with their linkage coal. The cumulative availability of M/s HNPCL during FY2023-24 (upto Dec-23) is around 65% even after blending of imported coal with domestic coal. Further, it is pertinent mention that the thermal generating stations have to maintain coal stock at least for 15 days. But it is observed that the same is not met by M/s HNPCL and maintaining the coal stocks for less than 4 to 5 days only. Hence, projected availability from M/s HNPCL for FY2024-25 by APDISCOMs is justified.

However, the power purchase projections proposed for FY2024-25 are estimates only. If these generating stations can supply the energy over and above the estimates for the FY2024-25, APDISCOMs would certainly utilize this energy provided they fit in the merit order dispatch and accordingly APDISCOMs will admit fixed charges in proportionate to the actual availabilities in accordance with the PPA and other regulatory conditions. The final fixed charges for FY2024-25 is subject to approval of respective generation tariffs for 5th control period by Hon'ble APERC.

Further, it is to inform that, the Honourable APERC is conducting public hearings on Retail and Distribution businesses through video conference from Conference Hall, APEPDCL, Visakapatnam. The hearings will be held in respect of all the three DISCOMs on 29-01-2024 to 31-01-2024, from 10.30 AM to 1.00 PM and from 2.00 PM to 4.30 PM. APCPDCL has facilitated Video Conference at all offices of Superintending Engineer / Operation at district headquarters and at all remaining offices of Executive Engineer / Operation. Specification of the date and time for objector is under the purview of Honourable Commission.

Yours faithfully



Chief General Manager /RAC
APCPDCL::Vijayawada

Copy submitted to

The Secretary, APERC, 11-4-660, 4th Floor, Singareni Bhavan, Red Hills, Hyderabad.