

# STATE LOAD DESPATCH CENTRE (SLDC) FEE & CHARGES

For the period FY2009-10 to FY2013-14



## **ORDER**

20<sup>th</sup> March 2009

**ANDHRA PRADESH  
ELECTRICITY REGULATORY COMMISSION**  
Singareni Bhavan, Red Hills, Lakdi-Ka-Pool,  
Hyderabad - 500 004

**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION  
HYDERABAD**

**Date: 20-03-2009**

*Present*

**A. Raghotham Rao, Chairman  
R. Radha Kishen, Member  
C.R. Sekhar Reddy, Member**

**O.P No. 22 of 2008**

**Transmission Corporation of Andhra Pradesh Limited ..... Applicant**

This came up for public hearing before several consumers, the representatives of various consumer organizations, generators and other stakeholders, on 11-02-2009 at Hyderabad, and having stood over for consideration till this day, the Commission passed the following

**O R D E R**

**Part I: Filing and Order Procedures**

***General***

1. Sub-section (1) of section 31 of the Electricity Act, 2003 (Act), provides that the State Government shall establish a State Load Despatch Centre (SLDC) while sub-section (2) of the Section 31 provides that the said SLDC shall be operated by a Government company or any authority or Corporation constituted by or under any State Act and that until such company /authority /corporation is notified by the State Government, the State Transmission Utility (STU) shall operate the SLDC. Pending establishment of such a company/authority/corporation, the Government of Andhra Pradesh (GOAP) notified in GO Ms.No.8 dated 17-01-2004 that the existing SLDC shall continue as SLDC and be operated by the Transmission Corporation of Andhra Pradesh Ltd., (APTRANSCO or Applicant) being the STU.
2. Section 32(3) of the Act provides for levy and collection of such fees and charges from the generating companies and licensees engaged in the intra-

State transmission of electricity as may be specified by the State Commission.

3. In exercise of powers conferred under Section 32(3) read with Section 181(2)(g) of the Electricity Act 2003 and all other powers enabling it in that behalf, the Andhra Pradesh Electricity Regulatory Commission (APERC or Commission) notified on 27.07.2006, the APERC (Levy and collection of fees and charges by State Load Despatch Centre) Regulation No.1 of 2006 (Regulation 1 of 2006) for the levy and collection of fees and charges from all users.
4. Applicant, the STU as per G.O.Ms.No.8 and the Applicant herein, submitted in accordance with Regulation No. 1 of 2006 its filing for proposed Annual Fee and Operating Charge for its SLDC (as distinct from its other business of transmission of electricity) for the Control Period of five years from FY2009-10 to FY2013-14 on 29.11.2008.
5. Thus the Commission has to determine the SLDC fees and charge for each year of the control period from FY2009-10 to FY 2013-14, based on the application of the Applicant, as filed, and after considering the objections/suggestions received/heard from general public and other stakeholders, on those filings.

***Notice calling for objections / suggestions***

6. The Applicant, was directed to serve a public notice through publication, on 24-12-2008 in at least two daily newspapers in English and two in Telugu having circulation in the State informing the general public that it (the Applicant) had made its filings on SLDC fees and charge for FY2009-10 to FY2013-14 with the APERC as per the APERC Regulation No.1 of 2006, and that copies of the filings (together with supporting materials) were available with Chief Engineer/ RAC, Reforms & IT, APTRANSCO, Vidyut Soudha, Hyderabad, and with the Chief Engineer/TL&SS at Visakhapatnam, Vijayawada, Kadapa, Hyderabad and Warangal for inspection /perusal / purchase by interested persons and that objections/suggestions can be filed on these proposals with the Secretary, APERC, by 27-01-2009.

### ***Objections/suggestions received***

7. Following the public notice, three persons have sent their objections/suggestions to the Secretary, APERC on the Tariff proposals of the Applicant by the due date i.e., 27-01-2009.
8. The Commission directed the Applicant vide its letter dated 21-01-2009 to send replies on all the objections / suggestions by 02-02-2009 and also supply a copy of the same to the Objector by the same date duly posting the copies of replies on the Applicant's official website.
9. Applicant had been informed of the date and venue of the public hearing on 28-01-2009. The objectors who had expressed their desire to be heard in person were also informed in writing about the venue and the date on which he would be heard. General public were also informed of the date of public hearing and through a press release, on 28-01-2009.
10. The objectors who had desired to be heard in person appeared and represented before the Commission during the public hearing on 11-02-2009. The objectors' names are given in Annexure-B.

### ***Hearing***

11. During the hearing:
  - a) the Applicant made an opening presentation at the commencement of the public hearing on its filings, as directed by the Commission, vide its letter dated: 21-01-2009.
  - b) then, the Commission heard all the objectors desiring to be heard in person; and,
  - c) the Applicant gave its responses on the issues raised by the objector during the hearing.

### ***Meeting of the State Advisory Committee***

12. The issues concerned with the proposals for SLDC fees and charges were discussed in the State Advisory Committee (SAC) meeting held on 19-01-2009 and suggestions made by the members of SAC have been taken into consideration by the Commission while finalizing this Order.

## Part II: Filings for 2<sup>nd</sup> MYT control period from 2009-10 to 20013-14

### **General**

13. APTRANSCO filed the annual fee and monthly operating charge to recover the capital cost and operating cost respectively from the users of the SLDC services for the MYT control period of 2009-10 to 20013-14. As per the filings, the proposed annual fee and operating charge are to be levied on users of SLDC services based on users' generation capacity. The details of capital cost, operating cost and the generation capacity likely to use SLDC services, annual fee and monthly operating charge have been filed for each year of the control period. The filings broadly confirm with the Regulation-1 of 2006 issued by the Commission for the purpose of fixing the annual fee and operating charge for SLDC services.

### **Generation Capacity**

14. APTRANSCO estimated the generation capacity (in terms of MW) based on contracted generation capacities by four distribution companies and other generators (such as open access and captive users) who are likely to use the SLDC services to transport the electricity to their chosen destinations. The generation capacity arrived in this manner will be the base on which the proposed fee and charge are to be levied. APTRANSCO projected the generation capacity to reach 20222 MW by the last year of the control period, while giving the details for each year of the control period. The details of the generation capacity in terms of MW filed by APTRANSCO are given in Table-1.

**Table 1: Filings - Generation Capacities, FY2009-10 to 20013-14, MWs.**

Financial Year	Distribution Companies	Other Generators, Open Access	Other Generators, Third Parties	Total Capacity in the State
1	2	3	4	5(2+3+4)
2009-10	13511	0	462	13973
2010-11	14700	0	462	15162
2011-12	17169	0	462	17631
2012-13	17741	0	462	18203
2013-14	19760	0	462	20222

### **Capital Cost**

15. The capital cost for SLDC for each year of the control period is the sum of annual capital costs on previous investments (which are yet to be recovered

in full) plus on proposed investments for respective year of the control period. For example, the capital cost for FY2009-10 is equal to annual capital cost on previous investments plus capital cost on proposed investment for FY2009-10. The annual capital cost (amortized investments) is derived through a formulae specified in the Regulation 1 of 2006 with two key parameters, a) the investment recovery period (10 years) and b) the cost of capital (150 percent of the bank rate).

16. APTRANSCO placed the cumulative investment up to end of FY2008-09 at Rs.49.68 cr. and proposed to invest an amount of Rs.36.58 cr. during the control period. It has been proposed to recover a sum of Rs.66.60 cr. as capital cost on these investments during the control period. The capital cost worked out in this manner is given for each year of the control period in the filing since the reference for levy of charges is one year. The details of historic and future investments and capital cost on these investments are given in Table-2.

**Table 2: Filings-Investments and Capital Costs for FY2009-10 to 2013-14, Rs.Cr.**

Financial Year	Proposed Annual Investments	Capital Cost* on Proposed Investments	Capital Cost* on Previous Investments	Total Capital Cost
1	2	3	4	5(3+4)
<b>End of 2008-09</b>	<b>49.68</b>	<b>4.13</b>	<b>4.10</b>	<b>8.23</b>
2009-10	15.27	2.70	8.23	10.94
2010-11	9.98	1.77	10.94	12.70
2011-12	6.92	1.22	12.70	13.93
2012-13	2.21	0.39	13.93	14.32
2013-14	2.20	0.39	14.32	14.71
<b>Total for Control Period</b>	<b>36.58</b>	<b>6.47</b>	<b>60.12</b>	<b>66.60</b>
*The amount of amortized investments.				

#### **Operating Cost**

17. The operating cost for SLDC consist of expenses on three major heads, a) Employee costs, b) Administration and General Expenses and c) Repairs and Maintenance expenses. These expenses are recurring in nature and related

to operating aspects of SLDC. These expenses for each year of the control period are estimated based historical information, investment levels, and likely major changes that will have an impact on these costs. The Regulation 1 of 2006 specifies that the operating cost is to be recovered in full in every year through the levy of monthly operating charge.

18. APTRANSCO estimated a sum of Rs.166.36 cr. operating cost for the control period of five years while giving the details for each year of the control period. The operating cost is the major cost item in SLDC total cost and within the Operating cost, employee cost constitute significant portion. The operating cost, as per filings, consists of Rs.116.65 cr. Employee cost, Rs.17.59 cr. Administration and General Expenses and Rs.32.12 cr. Repairs and Maintenance expenses for the control period of five years. The details of Employee cost, Administration and General Expenses and Repairs and Maintenance expenses are given in Table-3.

**Table 3: Filings - Operating Costs for FY2009-10 to 2013-14, Rs.Cr.**

Financial Year	Employee cost	Administration and General Expenses	Repairs and Maintenance expenses	Total Operating Cost
1	2	3	4	5(2+3+4)
2009-10	19.74	2.95	6.11	28.80
2010-11	21.63	3.21	6.41	31.25
2011-12	23.25	3.49	5.68	32.42
2012-13	25.04	3.80	6.15	34.99
2013-14	26.99	4.14	7.77	38.90
<b>Total</b>	<b>116.65</b>	<b>17.59</b>	<b>32.12</b>	<b>166.36</b>

### ***Fee and Charge***

19. To recover the capital cost, APTRANSCO proposed to levy the Annual Fee (Rs./MW/Year) for each year of the control period based on estimated generation capacity. To recover operating cost, APTRANSCO proposed to levy the monthly Operating Charge (Rs/MW/month) on estimated generation capacity. Through, levying of fee and charge on users of SLDC services, APTRANSCO will be in a position to recover the entire estimated annual cost of SLDC from the users. This will be so since the fee and charges are

worked using the estimated generation capacity. The details of fee and charge filed are given in table-4.

**Table 4: Filings-Annual Fee and Operating Charge FY2009-10 to 2013-14**

Financial Year	Generation Capacity MW	Capital Cost (Rs. Cr.)	Operating Cost (Rs. Cr.)	Annual Fee (Rs/MW/Yr)	Operating charges (Rs/MW/Month)
1	2	3	4	5=(3/2)	6=4/(2X12)
2009-10	13973	10.94	28.80	7827.26	1717.60
2010-11	15162	12.70	31.25	8378.40	1717.56
2011-12	17631	13.93	32.42	7899.75	1532.34
2012-13	18203	14.32	34.99	7866.39	1601.84
2013-14	20222	14.71	38.90	7273.54	1603.04

### **Conclusion**

20. APTRANSCO filing for SLDC is broadly in conformity with the Regulation 1 of 2006 issued for the purpose of fixation of the fee and charge. APTRANSCO requested that the filing may be examined and fix the charge and fee for each year of the control period. The Commission analyzed the filings in detail and determined the costs and capacity for each year of the control period. Based on these workings, the Commission fixed the fee and charge for each year of the control period 2009-10 to 2013-14. The Commission analysis on these filings wherever there is a change is detailed in Part V.

### **Part III: Issues Raised by General Public and APTRANSCO Responses**

#### **Rationale for Fee and Charges**

21. What is rationale to collect operating charges and annual fee also to cover the SLDC Charges?
22. **APTRANSCO:** APERC had introduced the concept of SLDC charges which includes (i) operating charges (i.e., employee cost, administration & general charges, repairs and maintenance & other charges) and (ii) annual fees (i.e. recovery of capital invested and cost of capital - interest thereon) vide Regulation No.1 of 2006 (levy of collection fees and charged by State Load Dispatch Centre).



23. Thus, the regulation has come into effect/implementation with effect from FY 2007-08 and Commission had already issued Multi Year Tariff Order in respect of SLDC for the first control period of two years i.e. FY 2007-08 to FY 2008-09. Similarly, APTRANSCO had submitted ARR proposals for the second control period of 5 years.

#### ***Reasons for Variation in Charges***

24. The reasons for variations in the SLDC operating charges during 2<sup>nd</sup> Control Period.
25. **APTRANSCO:** The total expenditure of SLDC for the year 2009-10 is Rs.28.8Cr, for the year 2010-11 is31.25Cr, for the year 2011-12 isRs32.42Cr, for the year 2012-13 is Rs34.99Cr and for the year 2013-14 is Rs38.9Cr. The expenditure is increasing steadily from year to year. But Generation capacity to be wheeled is for 2009-10 is 13973MW, for 2010-11 is 15162MW, for 2011-12 is 17631MW, for 2012-13 is 18203MW, for 2013-14 is 20222MW.Hence the main reason for variation in operating charges is due to variation in O&M cost and addition of generation capacities in the Control Period
26. The proposed capital expenditure is increasing steadily due to capital expenditure towards SLDC system improvement, communication network etc., to cater needs of new generation capacities, open access, power exchanges etc., as provided in the Electricity Act, 2003. Variation in addition of generation capacities in the Control Period also contributes to the variation in annual fee

#### **Part IV: Commission Analysis of Select Issues**

##### ***Accounting Practices Relating to SLDC Activity***

27. Some objectors during the public hearings raised the issue of accounting practices followed by APTRANSCO before the Commission. The Commission also noted that APTRANSCO is yet to segregate the accounts as contemplated in Regulation 1 of 2006. Clause 7 of Regulation 1 of 2006 reads as;

..... shall be required to maintain separate accounts for SLDC activity and till such time as the accounts are not so segregated, it shall apportion its costs on the basis of an Allocation Statement to be submitted to the Commission with all relevant details.

28. Though APTRANSCO indicated the details in Profit and Loss Account about the SLDC activity, the assets pertaining to SLDC activity are not separately identified. Segregation of SLDC assets is essential in view of prescribed regulatory method of 100% investment recovery in 10 years period without any return on capital employed. In this context, the Commission directs that;

***APTRANSCO shall segregate the SLDC accounts in full shape within a year, i.e. by 31<sup>st</sup> March 2010 and also immediately start maintaining separate asset registers on prospective basis. These asset registers will be inspected by the Commission Staff from time to time.***

#### ***Claw Back of Previously Allowed Capital Cost***

29. The Commission further took note of non-spending of previously allowed investment of Rs.10.16 Cr. for FY2008-09 for which the capital cost is allowed at Rs.1.58 Cr. The capital cost allowed for that year has already been/will be recovered through the annual fee during the FY2008-09. Therefore, it is prudent that the amount already collected without having incurred the cost shall be ***clawed back***. Accordingly, the Commission has reduced the total operating cost for FY2009-10 by Rs.1.58 cr for SLDC. In this context, the Commission directs that;

***APTRANSCO shall file the details of completed capital works pertaining to SLDC operations along with Project Completion Certificate (PCC) and Financial Completion Certificate (FCC) as is being done for transmission projects. APTRANSCO shall also file a monthly report with the Commission on progress in capital works pertaining to SLDC operations by 25<sup>th</sup> of every month for the previous month.***

#### ***Entering into Other Business***

30. Several objectors during the public hearing mentioned before the Commission that it is worthwhile to explore possibility for APTRANSCO to enter other businesses using its asset base especially the Optical Fiber Cable (OFC) network. The Commission also feels that APTRANSCO should seriously explore the possibilities in scale economies in laying the OFC network and of leasing out the surplus capacities for others on commercial basis. In this context, the Commission directs that;

***APTRANSCO shall file with the Commission an approach paper on its OFC network duly indicating a) existing capacities, b) planned future capacities, c) expected surplus capacity available and d) possible ways and means to utilize the surplus capacity by November 30, 2009.***

***Merit Order Despatch***

31. The SLDC being apex body is also responsible for economic operation of the grid in the state. Section 32(2)(e) stipulates that the SLDC shall;

***be responsible for carrying out real time operations for grid control and despatch of electricity within the State through secure and economic operation of the State grid in accordance with the Grid Standards and the State Grid Code.***

32. Given the existence of numerous categories of generators, generators supplying electricity to such as a) distribution companies, b) captive consumers, c) directly to consumers, and d) traders, merit order dispatch of conventional type based on variable cost of generation will make a real challenge to SLDC.

33. It involves collection variable cost of each participating generating station on daily basis subject to technical constraints (backing down limitations) and requiring high cost generating stations to back down as and when low cost generation is available to substitute high cost generation.

34. Further, if the supply contract requirement of high cost generator is met through low cost generation available on the grid, the issue of compensation to low cost generator will arise as high cost generator saves the operating cost but continue take the revenue from his customer. The operating cost saved by the high cost generator may be simply transferred to the low cost generator who supplied electricity without reference to the variable cost of the low cost generator.

35. To formulate the merit order procedure for real time operations, APTRANSCO shall start collecting the information on variable cost (including backing down limitations) along with daily despatch schedule from each generating station at the earliest. In this context, the Commission directs that;

*APTRANSCO to collect variable cost information including backing down limitation from each generating station on daily basis along with generation schedule for a complete period of three months. Using this information, it should analyze the perceived merit order benefits on ex-post basis for the three months period and make a presentation on this issue to the Commission by December 31, 2009.*

## **Part V: Commission Analysis and Decisions on Filings**

### ***Generation Capacity***

36. The Commission examined the generation capacity details filed by APTRANSCO for the purpose of levying the fee and charge. The Commission has effected the following changes with reference to the generation capacity filed by APTRANSCO;
- a) Based on discussions held with Generation Corporation of Andhra Pradesh (APGENCO) and APTRANSCO, the ex-bus generation capacities have been revised in tune with schedules of upcoming generating stations.
  - b) The conventional generation capacities and non-conventional energy generation capacity have been reworked for each Distribution Company based on Third Transfer Scheme as announced by GOAP.
  - c) Based on proposed amendments to Power Purchase Agreements, 20 percent of ex-bus generation capacity of four upcoming gas based thermal stations is considered as Open Access (OA) capacity.
  - d) The available information suggest that there would be a potential for 1000 MW (including 660 MW NTPC Simhadri Expansion) OA capacity. This number is also reckoned in the computations.
37. APTRANSCO filed that the Generating Capacity could reach to 20,222MW by horizon year, whereas it is determined by the Commission that the Generating Capacity could be 21,222 MW for the ultimate year of the control period. The details of the capacity determined by the Commission are given in table-5.

**Table 5:APERC-Generation Capacities, FY2009-10 to 20013-14, MW.**

<b>Financial Year</b>	<b>Distribution Companies</b>	<b>Other Generators, Open Access</b>	<b>Other Generators, Third Parties</b>	<b>Total Capacity in the State</b>
1	2	3	4	5(2+3+4)
2009-10	12891	391	462	13744
2010-11	14038	1041	462	15541
2011-12	14410	1091	462	15963
2012-13	16274	1141	462	17877
2013-14	19469	1291	462	21222

**Capital Cost**

38. The Commission examined the investment proposals made by APTRANSCO for SLDC operations for each year of the control period of five years. The major investments for SLDC operations take place in telecommunications and associated areas. The Commission has effected the following changes in capital cost filed by APTRANSCO for SLDC operations.
- a) The proposed investment level has been placed at Rs.38.40 cr for the entire control period based on the discussions held with APTRANSCO.
  - b) The pattern of investment across five years in the control period has been altered based on likely investments for each year of the control period.
  - c) The capital cost has been computed using 150 percent of the bank rate as specified in the Regulation 1 of 2006.
  - d) The capital cost on investments previously allowed by the Commission but not invested by APTRANSCO has been disallowed.
39. APTRANSCO had proposed to recover a sum of Rs.66.60 cr. capital cost during the control period. As per the Commission's calculations, the capital cost is placed at Rs.40.58 cr. for the control period. Major sources for reduction in capital cost in Commission's calculations are;
- a) Disallowing the capital cost on investments that had not taken place during the period prior 2009-10, and
  - b) Application 150% bank rate at 9% instead of 12% as done by APTRANSCO in capital cost calculation.

40. The capital cost worked out by the Commission is less by 26.12 cr. compared with filings made by APTRANSCO. The details of Commission's calculations are given in table-6.

**Table 6: APERC - Investments and Capital Costs for FY2009-10 to 2013-14, Rs.Cr.**

<b>Financial Year</b>	<b>Proposed Annual Investments</b>	<b>Capital Cost* on Proposed Investments</b>	<b>Capital Cost* on Previous Investments</b>	<b>Total Capital Cost</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5(3+4)</b>
<b>End of 2008-09</b>	<b>26.37</b>	<b>0.00</b>	<b>4.10</b>	<b>4.10</b>
2009-10	9.16	1.43	4.10	5.54
2010-11	9.76	1.52	5.54	7.06
2011-12	9.69	1.51	7.06	8.57
2012-13	4.83	0.75	8.57	9.32
2013-14	4.96	0.77	9.32	10.09
<b>Total for the Control Period</b>	<b>38.40</b>	<b>5.98</b>	<b>34.59</b>	<b>40.58</b>
*The amount of amortized investments.				

**Operating Cost**

41. The Commission examined the operating cost proposals made by APTRANSCO for each year of the control period. Major component in operating cost is the employee cost for SLDC operations. The Commission has effected the following changes to the operating cost amount filed by APTRANSCO.
- Employee cost for each year of the control period has been moderated downwards based on historical information and likely future changes.
  - The Administration and General expenses were altered/recasted as per the previous trends and likely changes for the next five years.
  - With regard to Repair and Maintenance expenses, the Commission altered the expenses based on previous period actual expenses and

modified/alterd investments pattern across years for the control period.

42. With the above changes on operating cost, the Commission has placed the operating cost for SLDC at Rs.151.77 Cr. for the control period. The operating cost as per the Commission's alternate calculations is less by Rs.14.59 cr. compared with the filings made by APTRANSCO. The details of Commission's calculations on operating cost are given table-7.

**Table 7: APERC - Operating Costs for FY2009-10 to 2013-14, Rs.Cr.**

Financial Year	Employee cost	Administration and General Expenses	Repairs and Maintenance expenses	Cost* Clawed Back	Total Operating Cost
1	2	3	4	5	6-(2+3+4-5)
2009-10	19.36	2.89	3.66	1.58	24.33
2010-11	21.00	3.14	3.96	0.00	28.10
2011-12	22.85	3.42	4.24	0.00	30.51
2012-13	24.85	3.71	4.46	0.00	33.02
2013-14	26.99	4.14	4.68	0.00	35.81
<b>Total</b>	<b>115.05</b>	<b>17.30</b>	<b>21.00</b>	<b>1.58</b>	<b>151.77</b>
* The capital cost on investment that had been approved for earlier years but not invested.					

### **Annual Fee and Monthly Charges**

43. To recover the approved cost for each year of the control period, the Commission has fixed two instruments for SLDC. These are;

- a) Annual Fee (Rs/MW/Year)= Capital cost/Generation Capacity  
b) Operating Charge (Rs/MW/Month)=Operating Cost/(Generation Capacityx12)

Through annual fee, the SLDC will recover the approved capital cost in full for each year of the control period. Through operating charge, the SLDC will recover the approved operating cost in full for each year of the control period. The schedule of Fee and Charge is given in Annexure-A and is applicable as stated in the notes therein. The details of Commission's calculations on Fee and Charge are given in Table-8.

**Table 8:APERC- Annual Fee and Operating Charge FY2009-10 to 2013-14**

Financial Year	Generation Capacity MW	Capital Cost (Rs. Cr.)	Operating Cost (Rs. Cr.)	Annual Fee (Rs/MW/Yr)	Operating Charges (Rs/MW/Month)
1	2	3	4	$5=(3/2)*10^4$	$6=(4/2)/(12)*10^4$
2009-10	13744	5.5363	24.3336	4028.15	1475.41
2010-11	15541	7.0571	28.0980	4540.95	1506.66
2011-12	15963	8.5670	30.5103	5366.78	1592.76
2012-13	17877	9.3196	33.0215	5213.18	1539.29
2013-14	21222	10.0925	35.8078	4755.66	1406.08

**Notes on fee and charge**

1) The SLDC charges (Annual Fee & Operating Charge) shall be paid by Generating Companies (including Captive Generating Plants), Distribution Licensees and Trading Licensees using the intra-State Transmission Network.

2) The Annual Fee shall be paid by all the Users in advance in two equal installments, by 10<sup>th</sup> of April and by 10<sup>th</sup> of October every financial year starting from 2007-08 onwards:

Provided that in case where the usage of intra-state transmission system commences after the 10<sup>th</sup> of April or the 10<sup>th</sup> October of a year, the fee for the period up to 30<sup>th</sup> September of the year and 31<sup>st</sup> March of the subsequent year respectively shall be required to be paid before the commencement of intra-state transmission.

3) The operating charges shall be paid monthly.

4) If the Fee and Charges as the case may be are not paid by the due date(s), surcharge at the rate of two percent per month shall be levied on the unpaid amounts.

5) An amount equivalent to two months' Operating Charges shall have to be deposited in advance by every User as security against default in payment of Operating Charges.

**Commission Intervention in Case of Variations in Cost and Revenues**

44. The Commission approved the costs and the recovery of the approved cost through a) Annual Fee and b) Monthly Operating Charge to be levied on the approved generation capacity as detailed in this Order for each year of the control period. The details are given in Table-9.



**Table 9: APERC Approved Cost and Annual and Cumulative Recovery, Rs.Cr.**

Sl. No.	SLDC Cost Item	YEAR					MYT Period
		2009-10	2010-11	2011-12	2012-13	2013-14	
1	Capital Cost	5.54	7.06	8.57	9.32	10.09	<b>40.58</b>
2	Operating Cost	24.33	28.10	30.51	33.02	35.81	<b>151.77</b>
3	<b>Total</b>	<b>29.87</b>	<b>35.16</b>	<b>39.08</b>	<b>42.34</b>	<b>45.90</b>	<b>192.35</b>
4	Total Recovery		29.87	65.03	104.11	146.45	

45. If the cumulative actual cost is less than 10% of cumulative approved cost at the beginning of the financial year starting from 2010-11, the Commission may require the SLDC to explain the reasons for cost variations. If necessary, the Commission may also require SLDC to file the Annual fee and operating charge for the rest of the control period of five years.
46. If the cumulative actual revenue is more than 10% of cumulative approved revenue at the beginning of the financial year starting from 2010-11, the Commission may require the SLDC to explain the reasons for revenue variations. If necessary, the Commission may also require SLDC to file the Annual fee and operating charge for the rest of the control period of five years.
47. If the actual recovery of revenue through fee and charge is less than 10% of the actual cost, the SLDC may file the details with the Commission seeking the remedy for under recovery of the cost. The Commission, upon examination of these details may pass an appropriate Order or show the ways and means to address issue of the under recovery of the cost.
48. For the purpose of monitoring the actual cost and revenue, the Commission will issue a format for filing of actual costs and revenues. In this context, the Commission directs that;

*APTRANSCO shall file the actual costs and revenues by 25<sup>th</sup> of every month for the previous month in the format prescribed for this purpose by the Commission. APTRANSCO may also state its own observations on cost, revenues and capacities along with the monthly report.*

49. The aforementioned fee and charge fixed for each year of the control period are applicable from 1<sup>st</sup> April to 31<sup>st</sup> March of the respective year.

**This Order is signed on the 20th day of March 2009.**

**Sd/-  
C.R. SEKHAR REDDY  
MEMBER**

**Sd/-  
R. RADHA KISHEN  
MEMBER**

**Sd/-  
A. RAGHOTHAM RAO  
CHAIRMAN**

## Annexure-A: Schedule of Fee and Operating Charge for FY2009-10 to 2013-14

### SLDC ANNUAL FEE AND OPERATING CHARGES FOR FY 2009-10 TO 2013-14

Year	Annual Fee (Rs./MW/Year)	Operating Charge (Rs/MW/Month)
2009-10	4028.15	1475.41
2010-11	4540.95	1506.66
2011-12	5366.78	1592.76
2012-13	5213.18	1539.29
2013-14	4755.66	1406.08

**Notes:**

Users of SLDC services shall pay both Annual Fee and Operating Charge as per the terms and conditions prescribed by Andhra Pradesh Electricity Regulatory Commission (APERC) from time to time.

#### Notes on fee and operating charge

1) The SLDC charges (Annual Fee & Operating Charge) shall be paid by Generating Companies (including Captive Generating Plants), Distribution Licensees and Trading Licensees using the intra-State Transmission Network.

2) The Annual Fee shall be paid by all the Users in advance in two equal installments, by 10<sup>th</sup> of April and by 10<sup>th</sup> of October every financial year starting from 2009-10 onwards:

Provided that in case where the usage of intra-state transmission system commences after the 10<sup>th</sup> of April or the 10<sup>th</sup> October of a year, the fee for the period up to 30<sup>th</sup> September of the year and 31<sup>st</sup> March of the subsequent year respectively shall be required to be paid before the commencement of intra-state transmission.

3) The operating charges shall be paid monthly.

4) If the Fee and Charges as the case may be are not paid by the due dates, surcharge at the rate of two percent per month shall be levied on the unpaid amounts.

5) An amount equivalent to two months' Operating Charges shall have to be deposited in advance by every User as security against default in payment of Operating Charges.

## Annexure-B: List of Objectors

Sl.No	Name of the Objector
1	Sri B.V.Raghavulu Secretary, A.P.State Committee, Communist Party of India (Marxist), Hyderabad
2	Sri G.Narendranath EC Member, Rashtriya Raithu Seva Samithi, Hyderabad
3	Sri M.Venugopala Rao, Special Correspondent, Prajashakti Telugu Daily, Hyderabad

## Annexure-C: List of Directives

1. APTRANSCO shall segregate the SLDC accounts in full shape within a year, i.e. by 31<sup>st</sup> March 2010 and also immediately start maintaining separate asset registers on prospective basis. These asset registers will be inspected by the Commission Staff, from time to time. (Para28 )
2. APTRANSCO shall file the details of completed capital works pertaining to SLDC operations along with Project Completion Certificate (PCC) and Financial Completion Certificate (FCC) as is being done for transmission projects. APTRANSCO shall also file a monthly report with the Commission on progress in capital works pertaining to SLDC operations by 25<sup>th</sup> of every month for the previous month (Para 29).
3. APTRANSCO shall file with the Commission an approach paper on its OFC network duly indicating a) existing capacities, b) planned future capacities c) expected surplus capacity available and d) possible ways and means to utilize the surplus capacity by November 30, 2009 (Para 30).
4. APTRANSCO to collect variable cost information including backing down limitation from each generating station on daily basis along with generation schedule for a complete period of three months. Using this information, it should analyze the perceived merit order benefits on *expost* basis for the three months period and make a presentation on this issue to the Commission by December 31, 2009(Para 35).
5. APTRANSCO shall file the actual costs and revenues by 25<sup>th</sup> of every month for the previous month in the format prescribed for this purpose by the Commission. APTRANSCO may also state its own observations on cost, revenues and capacities along with the monthly report (Para 48).

**Annexure-D: Generation Capacity for Control Period 2009-10 to 2013-14,MW**

Generating Station/Source	APTRANSCO					APERC				
	2009-10	2010-11	2011-12	2012-13	2013-14	2009-10	2010-11	2011-12	2012-13	2013-14
APGENCO										
VTPS I	381	381	381	381	381	381	381	381	381	381
VTPS II	381	381	381	381	381	381	381	381	381	381
VTPS III	381	381	381	381	381	381	381	381	381	381
RTPP I	380	380	380	380	380	380	380	380	380	380
KTPS A	217	217	217	217	217	217	217	217	217	217
KTPS B	217	217	217	217	217	217	217	217	217	217
KTPS C	217	217	217	217	217	217	217	217	217	217
KTPS D	453	453	453	453	453	453	453	453	453	453
KTPS VI	0	453	453	453	453	0	453	453	453	453
RTS B	57	57	57	57	57	57	57	57	57	57
RTPP-II	382	382	382	382	382	382	382	382	382	382
VTPS IV	463	463	463	463	463	463	463	463	463	463
RTPP-III	191	191	191	191	191	0	191	191	191	191
RTPP-IV	0	0	546	546	546	0	0	0	546	546
Kakatiya TPS Stage I	455	455	455	455	455	455	455	455	455	455
Kakatiya TPS Stage II	0	0	546	546	546	0	0	0	546	546
IGCC Plant at Dr. NTPS	0	0	121	121	121	0	0	0	121	121
Krishnapatnam TPP (JVP)	0	0	0	0	1456	0	0	0	0	1456
<b>TOTAL THERMAL</b>	<b>4174</b>	<b>4626</b>	<b>5840</b>	<b>5840</b>	<b>7296</b>	<b>3983</b>	<b>4626</b>	<b>4626</b>	<b>5840</b>	<b>7296</b>
MACHKUND PH AP Share	83	83	83	83	83	83	83	83	83	83
TUNGBHADRA PH AP Share	57	57	57	57	57	57	57	57	57	57
USL	238	238	238	238	238	238	238	238	238	238
LSR	455	455	455	455	455	455	455	455	455	455
DONKARAYI	25	25	25	25	25	25	25	25	25	25
SSLM	762	762	762	762	762	762	762	762	762	762
SSLM LCPH	896	896	896	896	896	896	896	896	896	896
NSPH	807	807	807	807	807	807	807	807	807	807
NSRCPH	89	89	89	89	89	89	89	89	89	89
NSLCPH	59	59	59	59	59	59	59	59	59	59
POCHAMPAD PH	36	36	36	36	36	36	36	36	36	36
NIZAMSAGAR PH	10	10	10	10	10	10	10	10	10	10
PABM	20	20	20	20	20	20	20	20	20	20
SINGUR	15	15	15	15	15	15	15	15	15	15
JURALA HES	232	232	232	232	232	232	232	232	232	232
LOWER JURALA	0	79	198	238	238	0	0	198	238	238
Nagarjuna Sagar Tail Pond	50	50	50	50	50	0	50	50	50	50
PULICHINTALA	89	119	119	119	119	0	119	119	119	119
DUMMUGUDEM	0	0	154	309	309	0	0	154	309	309
SINGAREDDIPALLY	0	0	79	198	198	0	0	0	198	198

<b>Annexure-D: Generation Capacity for Control Period 2009-10 to 2013-14,MW</b>										
Generating Station/Source	APTRANSCO					APERC				
	2009-10	2010-11	2011-12	2012-13	2013-14	2009-10	2010-11	2011-12	2012-13	2013-14
POLAVARAM	0	0	0	238	475	0	0	0	238	475
SATTUPALLY	0	0	594	594	594	0	0	0	0	594
<b>TOTAL HYDRO</b>	<b>3922</b>	<b>4031</b>	<b>4977</b>	<b>5528</b>	<b>5766</b>	<b>3784</b>	<b>3952</b>	<b>4304</b>	<b>4934</b>	<b>5766</b>
MINI HYDRO&OTHERS	12	12	12	12	12	12	12	12	12	12
Wind	2	2	2	2	2	2	2	2	2	2
<b>Total A.P. Genco</b>	<b>8110</b>	<b>8671</b>	<b>10831</b>	<b>11382</b>	<b>13075</b>	<b>7780</b>	<b>8592</b>	<b>8945</b>	<b>10788</b>	<b>13075</b>
<b>Central Generating Stations (CGS)</b>										
NTPC(SR) Ramagundam- U1-U6	680	680	680	680	680	680	680	680	680	680
NTPC (SR) Ramagundam -U7	170	170	170	170	170	170	170	170	170	170
NLC TS-II Stage-I	114	114	114	114	114	114	114	114	114	114
NLC TS-II Stage-II	197	197	197	197	197	197	197	197	197	197
NPC-MAPS	40	40	40	40	40	40	40	40	40	40
Talcher Stage 2	398	398	398	398	398	398	398	398	398	398
NTPC- Simhadri	925	925	925	925	925	925	925	925	925	925
SIMHADRI EXPANSION	0	311	311	311	311	0	311	311	311	311
Kaiga (Nuclear) Plant I&II	128	128	128	128	128	128	128	128	128	128
Kaiga (Nuclear) Plant III	62	62	62	62	62	62	62	62	62	62
<b>Total Central Sector</b>	<b>2715</b>	<b>3025</b>	<b>3025</b>	<b>3025</b>	<b>3025</b>	<b>2715</b>	<b>3025</b>	<b>3025</b>	<b>3025</b>	<b>3025</b>
<b>Joint Sector Power</b>										
APGPCL-I	14	14	14	14	14	14	14	14	14	14
APGPCL-I	39	39	39	39	39	39	39	39	39	39
<b>Total Joint Sector</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>
<b>IPPs (Independent Power Projects)</b>										
GVK	210	210	210	210	210	210	210	210	210	210
Spectrum	202	202	202	202	202	202	202	202	202	202
Kondapalli	341	341	341	341	341	341	341	341	341	341
BSES	215	215	215	215	215	215	215	215	215	215
GVK Extension	213	213	213	213	213	171	171	171	171	171
Vemagiri	359	359	359	359	359	287	287	287	287	287
Gowthami	450	450	450	450	450	360	360	360	360	360
Konaseema	432	432	432	432	432	345	345	345	345	345
Krishnapatnam (Ultra Mega)	0	0	0	0	310	0	0	0	0	310
BPL-R	0	291	582	582	582	0	0	0	0	582
<b>Total IPPs</b>	<b>2422</b>	<b>2713</b>	<b>3004</b>	<b>3004</b>	<b>3314</b>	<b>2131</b>	<b>2131</b>	<b>2131</b>	<b>2131</b>	<b>3023</b>
<b>Non-Conventional Sources</b>										
Bagasee (Cogeneration)					399					399

<b>Annexure-D: Generation Capacity for Control Period 2009-10 to 2013-14,MW</b>										
<b>Generating Station/Source</b>	<b>APTRANSCO</b>					<b>APERC</b>				
	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
Biomass Power Projects					229					229
Biomass (Cogeneration)					29					29
Mini Hydel					274					274
Wind					701					701
Waste Head (Cogeneration)					41					41
Municipal /Indstrl waste					132					132
<b>Total Non conventional</b>	<b>160</b>	<b>185</b>	<b>204</b>	<b>225</b>	<b>240</b>	<b>160</b>	<b>185</b>	<b>204</b>	<b>225</b>	<b>240</b>
<b>MPP - (Mini Power Projects)</b>										
1) Sri Vatsa power Ltd	17	17	17	17	17	17	17	17	17	17
2) M/s LVS Power Ltd	35	35	35	35	35	35	35	35	35	35
<b>Total MPPS</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>
OTHERS (Open Access)						391	1041	1091	1141	1291
Third Party Sales	462	462	462	462	462	462	462	462	462	462
<b>Grand Total</b>	<b>13973</b>	<b>15162</b>	<b>17631</b>	<b>18203</b>	<b>20222</b>	<b>13744</b>	<b>15541</b>	<b>15963</b>	<b>17877</b>	<b>21222</b>



**Annexure-E: Amortization of Capital Cost for Control Period 2009-10 to 2013-14, Rs.Cr.**

Year	Opn. Value	New Invst	Total value (Opn + New Invst)	Full value of amortisation per year (Annuity factor X Total Value)	Principle portion of Un-amortized value at the year end	Remarks (on New Investments)
2009-10	22.74	9.16	31.90	5.53	29.24	At Rs.1.427 Cr of amortisation, principle portion get terminated in year 2018-19
2010-11	29.24	9.76	39.00	7.05	35.45	At Rs.1.521 Cr of amortisation, principle portion get terminated in year 2019-20
2011-12	35.45	9.69	45.14	8.56	40.64	At Rs.1.510 Cr of amortisation, principle portion get terminated in year 2020-21
2012-13	40.64	4.83	45.47	9.31	40.24	At Rs.0.753 Cr of amortisation, principle portion get terminated in year 2021-22
2013-14	40.24	4.96	45.20	10.08	39.17	At Rs.0.773 Cr of amortisation, principle portion get terminated in year 2022-23

**Annexure-F: Capital Investment Plan for Control Period, 2009-10 to 2013-14, Rs.Cr.**

Item	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Balance	22.74	31.90	41.66	51.35	56.18
<b>New Investment</b>					
SCADA pending filed inputs	2.00	2.00	2.00	1.83	1.96
New RTU	2.50	2.50	2.50	2.50	2.50
Transducers	0.50	0.50	0.50	0.50	0.50
400 KV SS OFC channel ALDC/SLDC	2.16	2.76	3.33	0.00	0.00
Micro Wave Links repl. With OFC	2.00	2.00	1.36	0.00	0.00
<b>Total (Rs. Cr)</b>	<b>9.16</b>	<b>9.76</b>	<b>9.69</b>	<b>4.83</b>	<b>4.96</b>
<b>Grand Total</b>	<b>31.90</b>	<b>41.66</b>	<b>51.35</b>	<b>56.18</b>	<b>61.14</b>

**Annexure-G: Generation Capacity, MW. Comparative Statement**

Financial Year	Distribution Companies		Other Generators, Open Access		Other Generators, Third Parties		Total Capacity in the State	
	FILING	APERC	FILING	APERC	FILING	APERC	FILING	APERC
1	2	3	4	5	6	7	8	9
2009-10	13511	12891	0	391	462	462	13973	13744
2010-11	14700	14038	0	1041	462	462	15162	15541
2011-12	17169	14410	0	1091	462	462	17631	15963
2012-13	17741	16274	0	1141	462	462	18203	17877
2013-14	19760	19469	0	1291	462	462	20222	21222

**Annexure-H: Capital Cost, Rs.Cr. Comparative Statement**

Financial Year	Proposed Annual Investments		Capital Cost* on Proposed Investments		Capital Cost* on Previous Investments		Total Capital Cost	
	FILING	APERC	FILING	APERC	FILING	APERC	FILING	APERC
<b>End of 2008-09</b>	<b>49.68</b>	<b>26.37</b>	<b>4.13</b>	<b>0.00</b>	<b>4.10</b>	<b>4.10</b>	<b>8.23</b>	<b>4.10</b>
2009-10	15.27	9.16	2.70	1.43	8.23	4.10	10.94	5.54
2010-11	9.98	9.76	1.77	1.52	10.94	5.54	12.70	7.06
2011-12	6.92	9.69	1.22	1.51	12.70	7.06	13.93	8.57
2012-13	2.21	4.83	0.39	0.75	13.93	8.57	14.32	9.32
2013-14	2.20	4.96	0.39	0.77	14.32	9.32	14.71	10.09
<b>Total</b>	<b>36.58</b>	<b>38.40</b>	<b>6.47</b>	<b>5.98</b>	<b>60.12</b>	<b>34.59</b>	<b>66.60</b>	<b>40.58</b>
<p>*The amount of amortized investments.  <b>Notes:</b> Row totals exclusive of first row. Totals may not tally due to rounding off.</p>								

**Annexure-I: Operating Cost, Rs.Cr. Comparative Statement**

Financial Year	Employee Cost		Administration and General Expenses		Repairs and Maintenance Expenses		Total Operating Cost	
	FILING	APERC	FILING	APERC	FILING	APERC	FILING	APERC
1	2	3	4	5	6	7	8	9
2009-10	19.74	19.36	2.95	2.90	6.11	3.66	28.80	24.33*
2010-11	21.63	21.00	3.21	3.14	6.41	3.95	31.25	28.10
2011-12	23.25	22.85	3.49	3.42	5.68	4.24	32.42	30.51
2012-13	25.04	24.85	3.80	3.72	6.15	4.46	34.99	33.02
2013-14	26.99	26.99	4.14	4.14	7.77	4.68	38.90	35.81
<b>Total</b>	<b>116.65</b>	<b>115.05</b>	<b>17.59</b>	<b>17.31</b>	<b>32.12</b>	<b>20.99</b>	<b>166.36</b>	<b>151.77</b>

\* After deducting 1.58 Cr. claw back amount.

**Notes:** Totals may not tally due to rounding off.

**Annexure-J: Annual Fee and Operating Charge, Comparative Statement**

Financial Year	Annual Fee (Rs/MW/Yr)		Operating Charges (Rs/MW/Month)	
	FILING	APERC	FILING	APERC
1	2	3	4	5
2009-10	7827.26	4028.15	1717.60	1475.41
2010-11	8378.40	4540.95	1717.56	1506.66
2011-12	7899.75	5366.78	1532.34	1592.76
2012-13	7866.39	5213.18	1601.84	1539.29
2013-14	7273.54	4755.66	1603.04	1406.08

## Acronyms and Abbreviations

<b>ABT</b>	Availability Based Tariff
<b>ALDCs</b>	Area Load Dispatch Centers
<b>AMC</b>	Annual maintenance Contract
<b>APERC</b>	Andhra Pradesh Electricity Regulatory Commission
<b>ARR</b>	Annual Revenue Requirement
<b>CC</b>	Capital Cost
<b>CGS</b>	Central Generating Stations
<b>Crs</b>	Crores
<b>DISCOMs</b>	Distribution Companies
<b>EMS</b>	Energy Management System
<b>EBC</b>	Energy Billing Centre
<b>FPT</b>	Filing on Proposed Tariffs
<b>GoAP</b>	Government of Andhra Pradesh
<b>GoI</b>	Government of India
<b>IPPs</b>	Independent Power Producers
<b>LD center</b>	Load Despatch Centre
<b>LTSA</b>	Long Term Service Agreement
<b>MNCs</b>	Multi- National Companies
<b>MWs</b>	Mega-watts
<b>MYT</b>	Multi-Year Tariff
<b>NCE</b>	Non- Conventional Energy
<b>NLDC</b>	National Load Dispatch Centre
<b>NTPC</b>	National Thermal Power Corporation Ltd.
<b>O &amp; M</b>	Operation and Maintenance
<b>OA</b>	Open Access
<b>PLCC</b>	Power Line Carrier Communication
<b>POWERGRID</b>	Power Grid Corporation of India Limited
<b>R&amp;M</b>	Repairs and Maintenance
<b>RDCC</b>	Regional data collection centers
<b>RLDC</b>	Regional Load Despatch Centre
<b>RTUs</b>	Remote Terminal Units
<b>SAC</b>	State Advisory Committee
<b>SCADA</b>	Supervisory Control and Data Acquisition
<b>SEMs</b>	Special Energy Meters
<b>STU</b>	State Transmission Utility
<b>ULDC</b>	Unified Load Despatch Centre
<b>UPS systems</b>	Uninterrupted Power Supply Systems

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