



**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION**  
**MINUTES OF THE 13<sup>th</sup> MEETING OF THE STATE ADVISORY COMMITTEE**

**HELD ON 27-11-2009 IN THE COMMISSION'S OFFICE**

**Present:**

1. Sri A. Raghothama Rao, Chairman, APERC (Chairman)
2. Sri R. Radha Kishen, Member
3. Sri C.R.Sekhar Reddy, Member
4. Sri Y.Harish Chandra Prasad, Member
5. Sri T.Yogaiah Naidu, Member
6. Sri PMK Gandhi, Member
6. Sri K.V.V.Sathyanarayana, Member
7. Sri M.Balarama Reddy, Member
8. Sri N.Janardhan, Member
9. Sri JN Karamchetty, Member
10. Dr. M. Thimma Reddy, Member
11. Sri. Janardhan Reddy, Member
12. Sri P.V. Subbaiah Chowdary, Member
13. Sri M. Ravindra Sai, Secretary, APERC/SAC
14. Sri. P.V.Subrahmanyam Director (Engineering), APERC
15. Sri K. Sanjeeva Rao Naidu Director/Law, APERC

**INVITEES:**

1. Sri P.Gopala Reddy, CMD/APSPDCL
2. Sri Ch. Narsimha Reddy, CMD/APNPDCL
3. Sri Natarajan Gulzar, CMD/APEPDCL
4. Sri P. Rajagopala Reddy, Director/Fin & Rev/APCPDCL

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The Secretary, APERC (Ex-Officio Secretary of the State Advisory Committee) welcomed the members and briefly recapitulated the important decisions taken at the last SAC meeting and the developments since then in APERC.

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- 2 (a) In the earlier meeting, the SAC recommended constitution of a sub committee of SAC to study the problems associated with the fixing of the capacitors to the Agricultural Motors. The Sub-Committee was to give its report & suggest action to be taken. The Committee had Shri N.Sreekumar, Shri PMK Gandhi, and Shri P.V.Subbaiah Choudary as members and the Director (Engg) at APERC, as its convener.
- (b) Another key decision of the earlier meeting was to involve the CMDs of the DISCOMS in the future SAC meetings and consequently the CMDs of the 4 DISCOMs were invited to the present meet.

**3 Subsequent to the earlier SAC meeting, held on 19.01.2009, some of the important events that have taken place in the APERC are: -**

- (a) Issue of - (i) Transmission Tariffs Order for FY2009-10 to 2013-14 (ii) SLDC Fee& Charges Order for FY2009-10 to 2013-14 (iii) Distribution tariffs Order for FY2009-10 to 2013-14 & (iv) Retail Supply Tariffs Order for FY2009-10 to 2013-14 after conducting the Public Hearings at Hyderabad, Ongole, Vishakhapatnam & Warangal.
- (b) Commission also issued RPPO (Renewable power purchase obligation) Order for the next 5 years (2009-10 to 2013-2014)
- (c) Issue of Tariff Order in respect of NCE Power Projects, Wind based Power Projects, after conducting public hearings giving sufficient opportunity to the Consumers across the State to submit their suggestions/objections.
- (d) Review of the performance of the DISCOMs w.r.t. the compliance with the directives issued by the Commission
- (e) Nomination of 4<sup>th</sup> member to the CGRF of all the four DISCOMs

Copies of the Tariff Orders issued by the Commission in respect of Transmission Tariffs, SLDC charges, Distribution & Retail Supply Tariffs, along with copies of the reports submitted by the DISCOMs in respect of compliance with the SoPs, have been sent to the SAC members as and when they were received.

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4 The State Advisory Committee was also informed about the sad and sudden demise of Sri G. Narendranath & Dr MVS Birinchi. Both were well known in their respective fields and were able members of this SAC and whose advice /suggestions helped the Committee. With the permission of the Hon'ble Chairman, the SAC recorded its appreciation for their services.

**5. The SAC Meeting, then took up for discussion the various issues as per the agenda.**

6 Sri T. Jogaiah Naidu, Past President, FAPCCI, Hyderabad said that in the present system & in Tariff Order for FY 2009-10, there are more incentives at higher level and at lower level there are no incentives. He also said that the Maharashtra Electricity Regulatory Commission is giving lot of incentives for higher Power Factor. He also said that there are many power cuts in the state and consequently a number of Industrial Units in the state are not getting any incentives for Load Factor. Sri Jogaiah Naidu further said that there is a heavy penalty if the power factor is below 0.95 & there is no incentive if the power factor is above 0.95. He also explained that the members of FAPCCI are looking forward for such an incentive (which was available earlier) in AP and which is available in other states.

7 Responding to this, Hon'ble Member/Finance said that the Commission is not averse to review the present incentive structure. Sri Natarajan Gulzar CMD/EPDCL explained and drew an analogy with a system of penalty for bad driving but no reward / incentive for good driving. One is expected to drive as per rules and cannot expect a reward for doing so. The Chairman summarized the discussion and stated that if there is any benefit to the system when a person maintains Power factor above 0.95, vis a vis another person who maintains a PF of only 0.9, then some incentive scheme can be thought of so as to reward those who maintain the PF much above others and thereby benefit the system as well. He wanted the DISCOMS to study this issue and revert back to Commission so that a considered view is possible.

- 8** Another Member of the SAC, Dr M. Thimma Reddy Convenor, Peoples' Monitoring Group of Electricity Regulation, Hyderabad said that though the total available power in the state is 74000 MU, the Commission in its Tariff Order approved for 68000 MU only. He remarked that the Commission should have approved the entire 74000 MU since the purchase of these additional units by the DISCOMs would not burden them, as the DISCOMs have to incur the expenditure towards the variable cost portion only.
- 9** It was clarified that in actual practice, the power available would be less than what is shown as "availability" and so the Commission, based on past record and experience takes this into account. . Further, the Commission also considers the consumption by agricultural sector and the targets set for T & D losses while approving the power for purchase. It was also clarified by the CMD of SPDCL that the DISCOMS are taking whatever power is generated and is made available and there is no "cutting" down on power procurement from the local generating Cos on account of "less:" power being allowed to be procured by the Commission in the tariff order.
- 10** Dr Thimma Reddy brought to the notice of SAC that even during the non-peak hours, many of the villages are under going severe power cuts. He also said that the Tariffs for the power plants under APGENCO have not yet been finalized & under reforms, all the new projects of APGENCO need to enter PPAs with the DISCOMs.
- 11**It was clarified that the process of signing PPA for the existing as well as new units of APGENCO is under way. The Member (Finance) assured that soon the Commission would examine the issues brought out by Dr Thimma Reddy and the Commission would soon come out with the Tariffs for the APGENCO units.

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**12 The Commission then took up the report of the subcommittee on the problem of fixation of capacitors to pump sets.** Other officers of the commission, Sri Sridhar Reddy, Sri Jagannath Sharma, and Sri Vijaya Kumar, assisted the committee. The subcommittee had given its report on 25/11/2009. With the permission of the chair, the report was placed before the SAC. Member/Tech requested Sri PMK Gandhi, Director, M/s GVK Industries Limited, Hyderabad and one of the members of the sub-committee, to present the findings and recommendations of the sub committee.

**13** Accordingly, Sri PMK Gandhi presented the sub-committee report before the SAC. The recommendations of the sub-committee are as given below-

*(a) The committee is of the view that installation of capacitors benefits both the DISCOMS and the farmers. DISCOMS gain in terms of reduction in Distribution Losses, improvement in voltages & complying with the Standards of Performance (SoPs) while the Consumers (farmers) will get the benefit of their pump-sets being run continuously with improved voltage and increased water discharge. Also the tail end pump-sets will become operational with improvement of tail-end voltages The DISCOMS being more resourceful as well as being technically equipped may play a more proactive role than what they have been doing so far.*

*(b) The DISCOMS can educate/bring about awareness specifically with reference to correct installation of capacitors through pamphlets and newspaper write-ups with capacitor connection diagrams. The farmers should also be specifically educated as to why the capacitor SHOULD NOT BE installed before the starter and that it may lead to failure of motor. Pamphlets in Telugu indicating the benefits of fixing of capacitors to pump-sets may be printed & distributed by the DISCOMS to all the Farmers.*

*(c) Field staff of the DISCOMS needs to be given proper training to encourage & educate the farmers on the usage of Capacitors and proper connection of the Capacitors with the Motors*

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- (d) *Introduction of incentives for efficient energy use are needed to encourage farmers .The incentives can be in terms of improvement of quality of power supply as a whole through enhancement of the capacities of the over-loaded DTRs/additional DTRs to relieve overloads on existing DTRs and optimization of feeder routing from DTR with multiple feeders and proper capacity service wire connection to the pump set.*
- (e) *The DISCOMS may be requested to do pilot projects in three or four villages, spreading over the DISCOM region, where number of farm motor connections is about 500 to 1000, to study the problems. The DISCOMs may be advised to submit their report positively by 28/02/2010, so that the report can be properly used in the next tariff Order of 2010-11.*
- (f) *DISCOMS can associate themselves with any NGO or any other social organization in carrying out these tasks wherever it wants to or is handicapped by manpower shortages.*

**14** After the presentation of the sub-committee report by Sri PMK Gandhi, Member/Finance asked the CMDs of the DISCOMs to respond on the findings & recommendations of the sub-committee.

**15** The CMDs of DISCOMs stated that (i) the DISCOMs got their field staff trained, but the results are not good (ii) Quality of capacitors has no bearing on the burning of the Motors (iii) Wherever the capacitors are connected, the Motors will not burn

**16** Reacting to the responses of the DISCOMs, one of the members of the SAC & also a member of the sub-committee, Sri P.V.Subbaiah Chowdary of Confederation of Indian farmers' Association, AP Chapter, Hyderabad said that (i) Farmers shall be educated on the proper order of connection of the capacitor to the Agl. Motor (ii) In Warangal & Ananthapur districts, capacitors with inferior quality were supplied, which caused the burning of motors. If the DISCOMs insist, the places where the motors got burnt due to inferior quality capacitors/improper connections of capacitors can be shown by their Farmers' organizations.

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- 17** At this point, one of the members of SAC Sri JN Karamchetty Sr. Faculty, Engineering Staff College of India, Hyderabad explained about the correct manner in which the starter-capacitor-motor have to be connected to avoid any possible burning of the motors. He further explained that with the fixing of capacitors, (i) voltages at terminals would improve (ii) the current drawn reduces (iii) heating of the windings would reduce, thus, the efficiency improves.
- 18** Hon'ble Chairman said that while tackling this problem, the perspective of the consumers is to be considered. He further emphasized that the farmers shall be educated properly on the necessity, advantages/benefits, & correct pattern and sequence of fixing of capacitors.
- 19** Dr Thimma Reddy Convenor, Peoples' Monitoring Group of Electricity Regulation, Hyderabad opined that the main problem in rural areas is that of low voltages. Consequently, the standard recommended motors may not operate at such low voltages. As a result, the farmers are avoiding usage of standard motors. The problem is also compounded by the availability of cheaper, low cost, locally assembled motors. These factors are contributing to motor burnouts in turn, is leading to problems involved in fixing of capacitors.
- 20** Sri Balarama Reddy President, Confederation of Indian Farmers' Association, Hyderabad brought to the notice of SAC that (a) The existing wires & poles in the network became very old and they need to be replaced on top priority as they are leading to accidents (b) Commission may take initiatives for protection of consumer interests (c) Farmers shall be provided with the quality power supply (d) Farmers may be permitted to keep one bulb near the Agl. Motors for safety purpose during the night hours as the power supply is being given in the night time only

Hon'ble Chairman informed the SAC that the technical aspects connected with the safety issues of the consumers have been taken care of in the present Tariff Order.

- 21** The representative from Railways, Sri KVV. Sathyanarayana, Chief Electrical Distribution Engineer brought to the notice of the SAC that (a) For the last 20 years, Tariff for Railways has been single-part & in the present Tariff Order it has been made two-part by levying charges for consumption over & above the MD (b) There are no incentives for improving the power factor from 0.95 to 0.99. He further stated that these issues be addressed in the tariff order to be issued for FY 2010-2011 (c) Power Supply interruptions from DISCOM side are affecting the MD of Railways.

Responding to the above, CMD/SPDCL said that earlier, Railways were regularly exceeding the MD putting a strain on the system by sudden demand and this was leading to lot of problems on supply side. Now, because of the introduction of the penalty in the present Tariff Order, Railways are coming forward for release of additional loads and upping their MD, which will bring in stability and consistency. He also raised the problems faced by the DISCOMS in obtaining the LCs (Line clears) from Railways. Sri KVV. Sathyanarayana of railways clarified that if right people in Railways are approached these aspects can be taken care of.

- 22** Shri Y. Harish Chandra Prasad, Chairman, Confederation of Indian Industries (CII), Hyderabad also expressed that most of the issues being taken up by Railways are bilateral in nature and can be dealt with in a separate meeting rather than in SAC meet.

- 23** Dr Thimma Reddy Convenor, Peoples' Monitoring Group of Electricity Regulation, Hyderabad sought clarifications from the CMDs of DISCOMs on the implementation of RGGYY, stating that out of the total target of India, AP covers 50%. Responding to this, the CMDs of DISCOMs have clarified that they do not have any problems in implementation.

- 24** Shri Y. Harish Chandra Prasad, Chairman, Confederation of Indian Industries (CII), Hyderabad informed the SAC that about 10000 MW of Merchant Power Plants are coming around Srikakulam district and he said that there is a need for Merchant Power Policy as evacuation of power generated in such huge volumes from a small remote locality, would have to be properly planned. Responding to this, Member/Fin said that the DISCOMs & Government of Andhra Pradesh may come out with a policy. At this stage, the Chairman brought out the need for framing proper policy guidelines as under Open Access policy, the Generator is free to sell power, but, the main buyer, DISCOM, cannot purchase power freely.
- 25** The reports submitted by DISCOMs on the Standards of Performance (SoPs) for FY 2008-09 have been discussed. By and large, the Committee expressed its satisfaction on the reports of DISCOMs.
- 26** Dr. M.Thimma Reddy asked the CMDs of the DISCOMs about the availability of the complaint handling mechanisms available in the rural areas. To this, CMD/SPDCL clarified that nowadays all the field staff are having BSNL mobile numbers and hence there are no delays in handling the complaints in the villages
- 27** The SAC members, while appreciating the efforts made to gather viewpoints of various stakeholders through the forum of SAC, wanted the meetings to be more frequent. The Chairman responded positively by stating that the time gap between two SAC meetings would henceforth, not exceed 6 months.
- 28** Finally, the Commission Secretary thanked all the Members for their active participation in the meeting and for their valuable suggestions.

**SECRETARY**