

# **19<sup>th</sup> meeting of the SAC of APERC**

Prayas (Energy Group), Pune

**Tirupathi**

**February 19, 2024**

# Points

- Suggestions on Tariff petitions, replies
- Resource plan to precede Tariff process
- Addressing the Financial health of the DISCOMs
- Reducing delays and improving the quality of regulatory process

# Suggestions on Tariff petitions, replies

- MYT for Retail supply and FPPCA
  - Supply planning (sales and power purchase) has a cycle longer than 1 year
  - Poor planning is leading to high FPPCA and True-up burden: Rigour in planning HAS to improve
  - Mid-term review during the 5-year MYT can address uncertainties
  - Actual FPCCA seems close to 100p/Unit (clarify ?), but being capped at 40p/U
  - **FPCCA as a % of energy charge (say 15-20% depending on category) will reduce tariff shock for small consumers, will be based on consumption**

# Suggestions on Tariff petitions, replies – Cont'd

- Review of 4<sup>th</sup> CP
  - Business plan and some petitions give numbers about 4<sup>th</sup> CP, but no review
  - **APERC could formalise the review process: for RST, distribution wires and transmission**
- Sales forecast
  - Many issues were raised during the ARR and resource plan processes, but forecast methodology remains same
  - LT Agriculture as an example

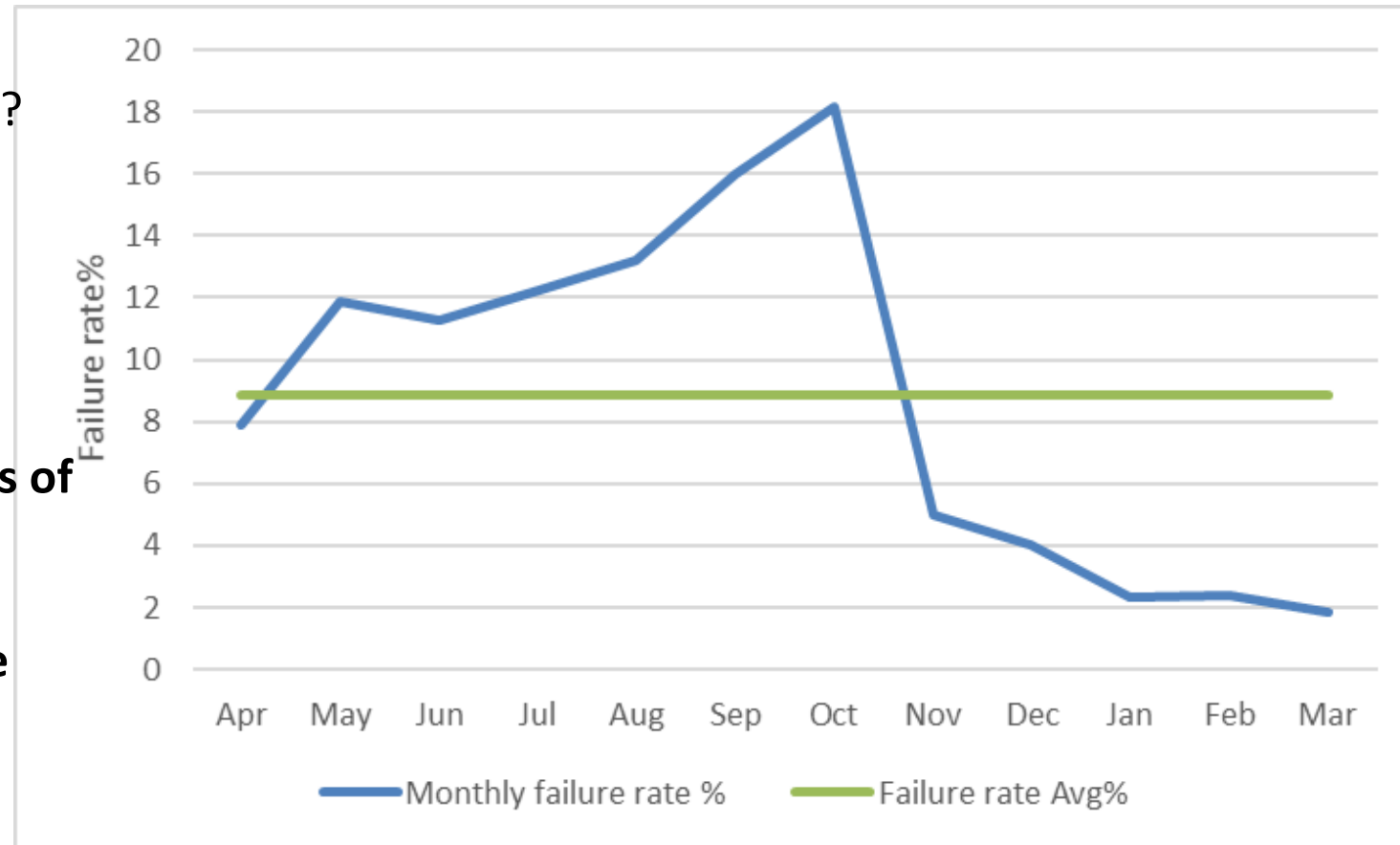
# Suggestions on Tariff petitions, replies – Cont'd

- LT Agriculture forecast
  - Separation of free power (for pumping) and related categories
    - Not in ARR, some details given in replies, but not satisfactory
    - This is crucial to improve the forecast of free power (related to subsidy etc)
  - Forecast method is different in different DISCOMs, even now?
  - Progress and plan about feeder metering based approach
    - **APERC could formalise the methodology**
    - Need to reassess losses at 11 kV feeder, DT and LT feeder, based on sample calculations (based on loading, length etc, can vary from 6-24% - MERC study)
  - Lessons from Srikakulam pilot to be used in other circles

# Suggestions on Tariff petitions, replies – Cont'd

- Monthly data from Srikakulam IRDE meters, FY2023 (from replies)

- 30,731 meters in March 23
- Clarification on “actual readings taken” = valid?
- Meter failure rate: 2% (3/23) to 18% (10/22)
- Average failure rate: 8% for FY23 (good?)
- 30,856 failures in FY23; multiple failures?
- 22% failure and half valid reading in FY22?
- APERC to ask DISCOMs to report health status of Smart meters for Agriculture and consumers**
- APERC could set up a committee to formulate methodology for estimating free power consumption**



# Suggestions on Tariff petitions, replies – Cont'd

- Smart meters for non-agriculture consumers
  - Quantitative assessment of cost benefit analysis needed
    - Not in ARR petitions
    - Some details provided during Resource plan process, but doubts were not answered
  - **APERC Regulations for prepaid meters?**
    - For smooth implementation and to protect consumer interest
    - Disconnection and reconnection process
    - Treatment of security deposit

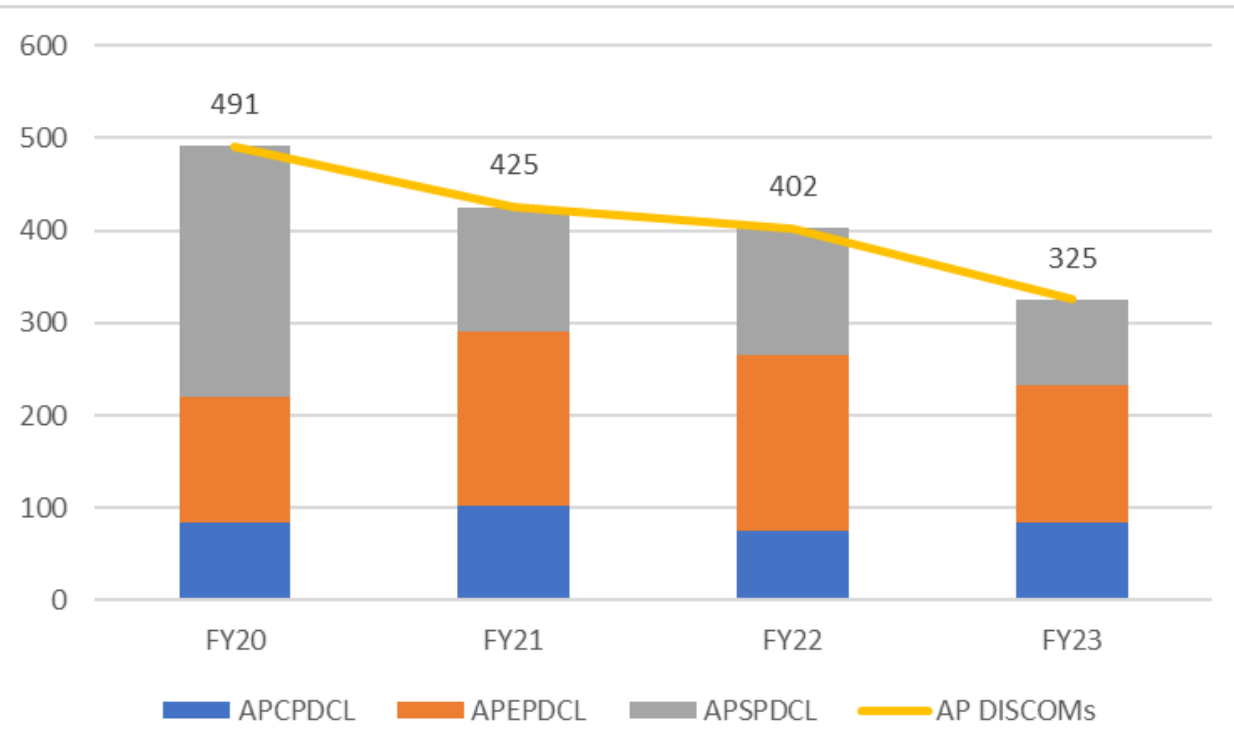
# Suggestions on Tariff petitions, replies – Cont'd

- Managing surplus power and optimising market purchase
  - Including storage in power planning is essential
  - Details of surplus sales not clear. Not thru PuSHP portal, then where and when?
- Managing coal fleet
  - Flexibilisation measures to handle high renewable
    - Technical minimum, ramp rate
    - Environmental norms
    - **APERC regulations on cost pass through?**
- Capital expense plans
  - Business plans provide details, but APERC oversight to check prudence appears low?
  - RDSS has strict conditions and grant can be converted to loans – tariff impact, hence **APERC oversight is crucial**
- Energy Efficiency and DSM
  - Impact analysis of concluded projects
  - **DSM Regulations by APERC?**



## Suggestions on Tariff petitions, replies – Cont'd

- Electricity safety: Reducing accidents
  - Amendment in ex-gratia is a good step
    - Review if ex-gratia should be from reserve fund of ARR
  - Replies provide measures to reduce accidents, EPDCL gives cause wise data
    - No detailed analysis of root causes and matching plan to address them
    - Human fatal accidents are reducing, but at slow pace
      - CAGR of -15%, can take 21 years to reach 10 from 325!
    - Needs top management attention, and concerted efforts



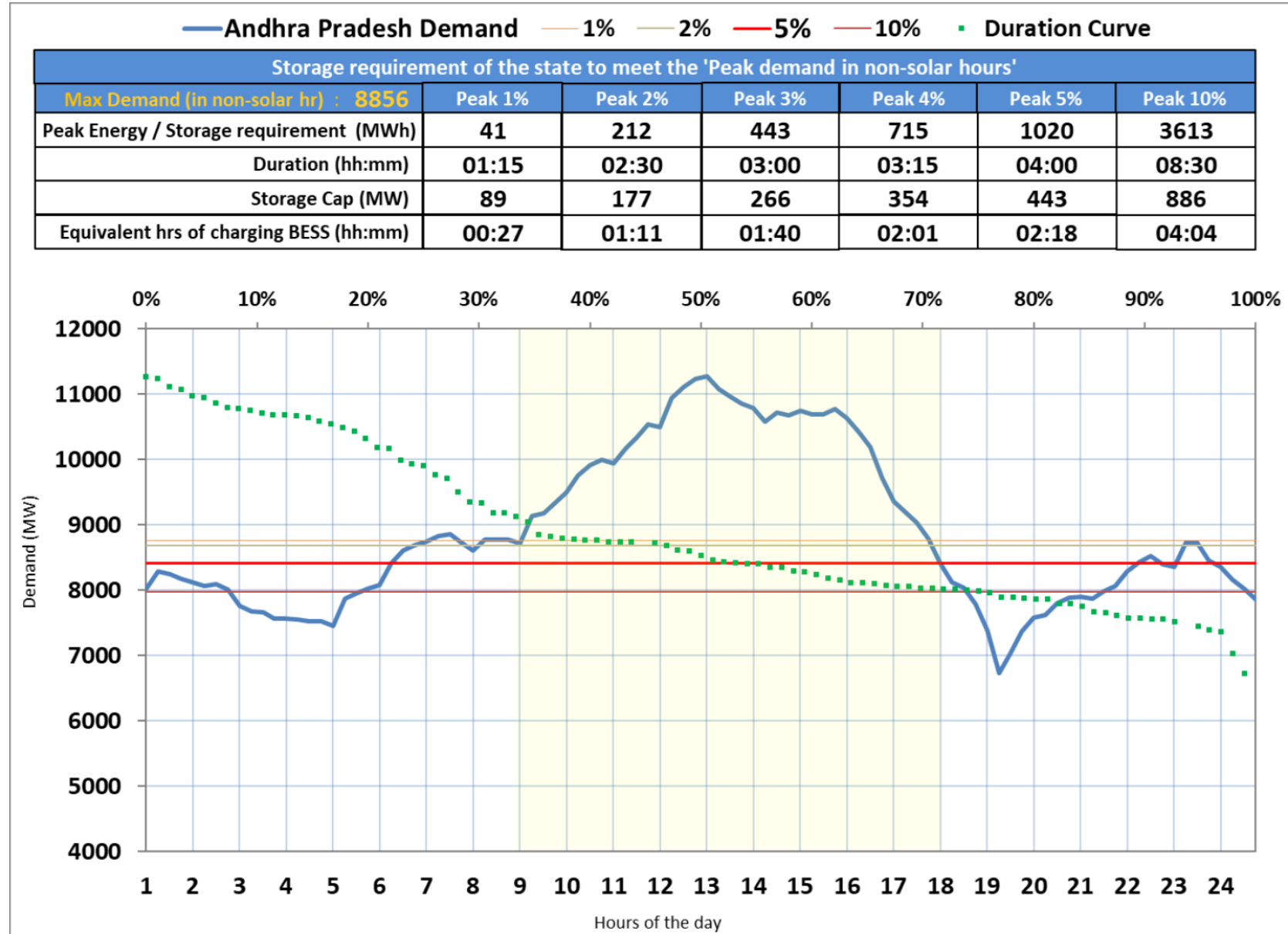
# Suggestions on Tariff petitions, replies – Cont'd

- Performance parameters
  - Rating as per REC's CSRD is good, but performance can be better
  - Some information provided in ARR as well as in Business plan petitions
    - But no systematic review or correlation with Capex, O&M etc
  - Efficacy of Automatic compensation (2021 amendment to SoP Reg)
    - MoP: Automatic compensation for those parameters which can be monitored remotely
    - APERC 2021: Consumer fuse-off, New connection/ additional demand – processing and release, Wrong disconnection/ levy of reconnection charges without actual disconnection
    - Good starting point, but why only to “complaining” consumers?
    - Replies indicate that DISCOMs have implemented from FY23
    - Number of “eligible”, “allowed” consumers is low
      - EPDCL: Total of 2235, Normal FO 1715, but ARR reports 4,44,602 FO calls
    - Is the compensation truly automatic? How to improve?

# Resource plan to precede Tariff process

## Resource plan process

- Process started in May 2023, but not concluded
  - **When will the orders be issued?**
- Relevant in the context of annual surplus, high market purchase
  - Storage not part of petitions – Battery or Pumped storage (Pinnapuram PSP?)
  - GRID-India analysis
- **APERC Storage Regulations?**



# Addressing the Financial health of the DISCOMs

- DISCOM losses, Arrears and debts increasing
  - Issues with load forecast, power purchase, capital expenses, government support, tariff changes
  - **APERC to advise GoAP to set up a comprehensive review?**

# Reducing delays and improving the quality of regulatory process

- Many grievance issues raised during ARR and Tariff process
  - DISCOMs, CGRFs and Ombudsman to submit detailed performance and grievance redressal analysis
  - **Separate annual public hearing on Quality of Supply & Service?**
- Complaints of true-up & FPCCA, delays & poor participation in Resource plan hearings
  - Tariff and subsidy impacts to be quantified in resource plans
  - **Resource plan should have sanctity** (no PP approval outside the plan, without public consultation)
  - **Institution of Consumer Representatives (S 94(3) of E-Act)**
    - Reduced delay through consensus building
    - Improved quality of data and regulatory documents
    - Build up of mutual trust – consumers, licensees and APERC
    - Introduction of innovative solutions to complex problems



Prayas (Energy Group)

sreekumar[at]prayaspune[dot]org



@PrayasEnergy



@PrayasEnergy



Prayas (Energy Group), Pune



[energy@prayaspune.org](mailto:energy@prayaspune.org)



<https://energy.prayaspune.org/>

