No. PFI/Prog/APERC /2026/001

Dated: 2nd January 2026

To,

The Secretary
Andhra Pradesh Electricity Regulatory Commission
4th Floor, Singareni Bhavan, Red Hills
Lakdi-ka-pul
Hyderabad - 500004

Subject: PFI Comments on AP DISCOMs ARR & Tariff Petition for FY 2026-27

Ref: AP DISCOMs' Public Notice dtd. 10/12/2025 inviting Comments on ARR Petition for FY 2026-27

Power Foundation of India (PFI) is a Policy Research and Advocacy entity and a registered society under the aegis of Ministry of Power, Government of India. PFI is supported by leading Central Power Sector Organizations to undertake evidence-based policy research and facilitate informed decision making by the Regulators, Ministry and other concerned stakeholders.

With reference to above, PFI has analyzed the ARR Petition for FY 2026-17 filed by AP DISCOMs - Southern Power Distribution Company of A.P. Ltd. (APSPDCL), Central Power Distribution Company of A.P. Ltd. (APCPDCL) and Eastern Power Distribution Company of A.P. Ltd. (APEPDCL). Our comments/ suggestions on the said ARR and Tariff Petitions for FY 2026-27 of AP DISCOMs are enclosed herewith for your consideration as *Annexure- I, II and III* respectively. We would also like to orally submit our comments/ suggestions on the day of Public Hearing through video conference.

The comments have also been emailed to commn-secy@aperc.in.

Warm Regards,

Encl: *Annexure – I, II and III*

Copy to:

1. **The Chairperson**
   Andhra Pradesh Electricity Regulatory Commission

2. **The Member**
   Andhra Pradesh Electricity Regulatory Commission

Yours Sincerely,

Anshuman Srivastava
(Executive Director, PFI)

ANNEXURE-II

PFI Comments/Suggestions: APEPDCL ARR Petition for FY 2026-27

A. Petition for True-Up of FY 2024-25 not filed by AP DISCOMs

1) PFI notes that none of the three AP DISCOMs have filed True-Up Petitions for FY 2024-25. It is pertinent to mention that the last True-up Order issued by Hon'ble APERC is for FY 2020-21 dated 30/03/2022. Till date True-up Orders for FY 2021-22, FY 2022-23 & FY 2023-24 are pending. The same comment was submitted by PFI in the ARR Petition for FY 2025. Hon'ble APERC addressed the said comment in the Tariff Order for FY 2025-26 dated 20/02/2025. Directions were given to the DISCOMs to file the True-Up Petition for FY 2023-24 within 45 days of the issuance of that Order. Relevant extract from the said Tariff Order is as follows.

"Views/Objections/Suggestions on filings

28. Power Foundation of India (PFI), FAPCCI, SICMA and AP Ferro Alloy Producers' Association have stated that the ARR submission of the DISCOMs lacks a true-up for the 4th Control Period Distribution and Retail Supply Businesses, violating NTP 2016 and APERC Regulations. APDISCOMs have not filed the True-Up Petition for FY 2023-24, and APERC has delayed True-Up Orders (last issued for FY 2020-21 on 30th March 2022), violating the Electricity Act and APTEL's orders on regular true-ups. APERC should issue True-Up for FY2023-24 along with RSTO for FY 2025-26 on a suo-motu basis. This will avoid the issue of creating regulatory assets, the burden of carrying costs, and tariff shock to end consumers. That significant deviations exist between APERC orders and actuals regarding demand, supply, consumer mix, APGENCO generation, and market purchases. The gap between approved and estimated ARR exceeds the permitted 3% under MoP rules. No mid-term reviews have been conducted as required. That the APERC should dismiss the petitions unless a proper true-up is submitted and approved. Pending True-Up orders should be finalised before proceeding with the instant Petitions for FY 2025-26. …

Commission's View:

…As can be seen from the above, the DISCOMS shall file True Up Petitions for FY2023-24 regarding uncontrollable items of ARR of Retail Supply Business and Distribution Business and present gains/losses in controllable items of the Distribution Business along with ARR or through a separate petition. However, the DISCOMS have not filed a Trueup/down except presenting variations in Distribution Costs for FY 2023-24 and claiming uncontrollable items variations pass through for FY2023-24. The DISCOMS are not mandated to file the Trueup/down along with ARR & FPT in the Regulation. ***Therefore, the DISCOMS shall file a separate True-up/down Petition as per Regulation within 45 days from the date of this Order."***

2) Despite the explicit directions of the Hon'ble APERC, AP DISCOMs have not filed True-Up Petition for FY 2023-24. FY 2024-25 is also over now and True-Up petitions for FY 2024-25 have also not been filed.

3) As per 5th Amendt. of APERC (Terms & Conditions for Determination of Tariff for Wheeling & Retail Supply) Regulation, 2005, the DISCOMs need to file a separate Petition for True-Up annually. Relevant extract from the Regulations are as below:

   "10.5 Pass through of Gains/Losses due to variations in "uncontrollable" items of the ARR: The Distribution Licensees shall present variations in each uncontrollable item with detailed reasoning. The aggregate gain/loss of the nth year in all uncontrollable items of Distribution and Retail Supply Businesses shall be pass-through in the ARR of the (n+2) year of Retail Supply Business in case the filings are done on an annual basis. If the filings of Retail Supply Business are done for the entire control period, the aggregate gain/loss in uncontrollable items shall be pass-through to consumers as a True-down/up in separate proceedings either based on the petition filed by the Licensees or on suo-motu determination by the Commission on an annual basis.

   Provided that the Commission shall allow the financing costs on account of the time gap between the time when the true-up becomes due and when it is actually allowed. ***The licensees shall file True-up/down petitions of nth year by 30th November of (n+1) year independently or along with ARR & FPT petition if permitted annually, and the Commission shall as far as as possible issue the Order on the same within 120 days from the date of such filings.***

10.6 Sharing of Gains/Losses due to variations in "controllable" items of the ARR: The Distribution licensees shall present variations in each controllable item with detailed reasoning. The aggregate gain/loss of the nth control period (Actuals of 4 years and provisional for 5th year) in controllable items of Distribution and Retail Supply Businesses shall be pass-through in the respective ARR of (n+1) control period of Distribution & Retail Supply Businesses at the appropriate ratio for each item as decided by the Commission. ***However, the Licensees shall submit the gains/losses in each controllable item of the Distribution Business for the previous financial year by 30th November of the current financial year through the annual performance petition or shall submit the gains/losses in each controllable item as a part of ARR filings of the Retail Supply Business for the next financial year if the filings are done on an annual basis****. The gains/losses in the controllable items of ARR on account of factors that are beyond the control of the Distribution Licensees shall be a passthrough to the consumers similar to the controllable items as stated in clause 10.5 above"*

4) But it is observed that AP DISCOMs have only been filing True-Up Petitions for FPPCA annually. While Power Purchase Cost constitutes a majority (~70-75%) of the ARR, controllable parameters like O&M Expenses, Depreciation, Return on Capital Employed are equally important and the efficiency of a DISCOM can only be ascertained once these parameters are Trued-Up.

5) Further, the need for timely issuance of Tariff Orders and True-up Orders has been decided by Hon'ble APTEL in its judgement dtd. 11/11/2011 in OP No. 1 of 2011, as follows:

"57. This Tribunal has repeatedly held that regular and timely truing-up expenses must be done since:

(a) No projection can be so accurate as to equal the real situation.

(b)The burden/benefits of the past years must not be passed on to the consumers of the future.

(c) Delays in timely determination of tariff and truing-up entails:

(i) Imposing an underserved carrying cost burden to the consumers, as is also recognised by para 5.3 (h) (4) of National Tariff Policy.

> *(ii) Cash flow problems for the licensees.*
>
> *….*
>
> *65. In view of the analysis and discussion made above, we deem it fit to issue the following directions to the State Commissions:*
>
> *(i) Every State Commission has to ensure that Annual Performance Review**, true-up of past expenses** and Annual Revenue Requirement and tariff determination is conducted year to year basis as per the time schedule specified in the Regulations.*
>
> *(ii) It should be the endeavour of every State Commission to ensure that the **tariff for the financial year is decided before 1st April of the tariff year…***
>
> *(iii) In the event of delay in filing of the ARR, truing-up and Annual Performance Review, one month beyond the scheduled date of submission of the petition, the State Commission must initiate **Suo-moto proceedings** for tariff determination in accordance with Section 64 of the Act read with clause 8.1 (7) of the Tariff Policy.*
>
> ***….***
>
> *(v) Truing up should be carried out regularly and preferably every year…".*

6) From above, it is noted that Hon'ble APTEL has even decided that SERCs can also initiate Suo-moto proceedings and collect the data and information and give suitable directions and then determine the tariff even in the absence of the application filed by the utilities by exercising the powers under the provisions of the Act as well as the Tariff Regulations.

7) Thus, timely issuance of Tariff and True-up Orders that too cost reflective results in timely passing of escalated cost in the power sector supply chain thereby maintaining adequate cash flow with the utilities, thus enabling them to supply uninterrupted quality supply to the consumers. It further avoids Creation of Regulatory Assets, burden of Carrying Cost and Tariff shock at once to the end consumers.

8) **It is noted that none of AP DISCOMs have filed Petition for True-Up of FY 2024-25 till date. They have filed only ARR of FY 2026-27. The true-up exercise is delayed by APERC. Power Foundation of India (PFI) therefore, urges Hon'ble APERC to conduct True-Up of FY 2024-25 on suo-motu basis by 31st March 2026**

as mandated by Hon'ble APTEL (stipulated above). This will avoid the issue of creation of Regulatory Assets, burden of Carrying Cost and Tariff shock to the end consumers.

B. POWER PURCHASE COST

a) NON- COMPLIANCE OF APERC'S TARIFF ORDER DATED 11/03/2024 FOR FY 2024-25

i) APEPDCL has considered 4 nos. of Generating Stations (**NTPC Kudgi, NTECL Vallur, NTPL-Tuticorin & NNTPS-Nyveli**) for projecting their Power Purchase requirement for FY 2026-27. However, APERC in its Tariff Order dtd. 11/03/2024 did not approve the Power Purchase from these Stations on account of **their expiry of PPA and high-Power Purchase Cost**. The relevant extract of the said Tariff Order is as follows:

> *"By Common Order dated 30.10.2023 in OP Nos 34 to 44 of 2023, the Commission has not approved the PPAs with the said four CGS. The Appeal filed regarding NTPC-Kudgi, NTECL - Vallur PPAs by NTPC before Hon'ble APTEL on APERC Order dated 30.10.2023 is also pending. Keeping in view the consumer's interest in the long term, The Commission passed the Order dated 30.10.2023. Be that as it may, subject to the Hon'ble APTEL judgment in this regard, **the Commission is not inclined to include the four CGS viz NTPC Kudgi, NTECL - Vallur, NTPL, and NNTPS in the power procurement for FY2024- 25 in line with its decision in the Order dated 30.10.2023**."*

ii) The summary of Power Purchase for these 4 nos. of CGS for FY 2026-27 as considered by APEPDCL in its ARR Petition for FY 2026-27 is as follows:

FY 2026-27	Plant Capacity	Despatch	Cost (Rs. Cr.)		
Power Plants	**MW**	**(MU)**	**FC**	**VC**	**Total**
NTPC Kudgi Stage-I	2,400	364	111	172	283
NTECL Valluru	1,500	274	43	104	147
NLC Stage-I	630	111	10	36	46
NTPL(NLC TamilNadu)	1,000	352	61	143	204
Total		**1101**	**225**	**455**	**680**

iii) In view of above, APEPDCL projected to purchase 1101 MU from the above 4 nos. of CGS. **However, APEPDCL has claimed in its petition that there is a surplus of 2382 MU in power purchase, as given below in the table:**

Particulars	FY 2026-27 (MU)
Power Purchase Requirement	**30,941**
Availability	33,323
Dispatch	30,941
Surplus /(deficit)	**2,382**

iv) **Therefore, PFI requests Hon'ble Commission not to consider the power purchase from above 4 nos. of CGS and reduce the total Power Purchase Cost by Rs. 680 Cr.**

b) <u>REDUCTION IN AVAILABILITY OF HYDRO POWER PLANTS</u>

i) APEPDCL in FY 2026-27 has considered reduction of around 22% in Hydro Power Plants in FY 2026-27 vis-à-vis FY 2025-26, as follows:

Genco Hydel	FY 2025-26			FY 2026-27
	Claimed-ARR Petition (MU)	ARR-Approved Order (MU)	Revised Estimate (MU)	Claimed (MU)
Srisailam RCPH	342	445	651	364
NSRCPH	45	70	59	50
NSTPDC PH	31	36	32	31
Upper Sileru	180	185	172	173
Lower Sileru	412	473	414	388
Donkarayi	36	50	40	35
PABM	2	2	1	2
Minihydel(Chettipet)	1	1	1	1
Machkund AP Share	130	126	132	119
TB Dam AP Share	43	58	53	43
Genco Hydel Total	**1222**	**1447**	**1556**	**1206**

ii) In view of above, it is stated that the cost of generation from hydro stations is Rs. 2.05/kWh which is quite lower than the Average Power Purchase Cost (APPC) for FY

2026-27, i.e., Rs. 4.61/kWh. No justification for the reduced availability has been provided in the Tariff Petition.

iii) The revised estimate considered by the DISCOM for FY 2025-26 is as per the actuals of H1 of FY 2025-26 and projected for H2 of FY 2025-26, which is more accurate. The petitioner is still projecting less MU for FY 2026-27 as compared to for FY 2025-26. By considering lower availability from Hydro Power Plants, the power purchase cost of APEPDCL has been escalated by Rs. 161.23 Cr. which in turn will be paid by the consumers.

iv) PFI requests the Hon'ble Commission to consider the generation from all hydro plants at the same level or higher levels for FY 2026-27 vis-à-vis FY 2025-26.

C. RENEWABLE PURCHASE OBLIGATION (RPO) FOR FY 2026-27

9) Hon'ble APERC in its Tariff Order dtd. 20/02/2025 has clarified that higher RPO Trajectory between the MoP Notification dtd. 20/10/2023 & that defined by the Commission will be applicable. Relevant extract from the said Order is as follows.

*"**88. Align the SERC RPO trajectory to that of MoP.** Presently, there are two notifications concerning purchasing renewable power by DISCOMs. One is the RPPO regulation notified by the APERC under the provisions of the Electricity Act-2003, and the other is the Renewable Consumption Obligation (RCO) notified by the Ministry of Power under the Energy Conservation Act-2001. DISCOMs, the Designated Consumers (DCs) under the MOP-BEE rules, are also supposed to meet the RCO. In the clarification issued to DISCOMs via letter dated 28.03.2024, the Commission stated the following:*

*"The Renewable Power Purchase Obligation (RPPO) to Distribution Licensees specified by APERC as per the Electricity Act 2003 and Renewable Consumption Obligation (RCO) to Designated Consumers specified by MoP as per the Energy Conservation Act 2001 are distinct & co-existing and are to be complied with by the every obligated entity including DISCOMs. However, since both notifications pertain to Renewable Energy Purchase, it is suggested **that compliance with the higher of the two is sufficient**. Further, in cases where compliance is specified on a renewable energy source basis for RCO as per the Energy Conservation Act, DISCOMs shall ensure compliance with the same duly following the fungibility mentioned in the said notification among the different sources."*

The above clarification issued by APERC stands well."

10) In view of above, AP DISCOMs have the following targets for FY 2026-27 as specified in the MoP Notification dated 20/10/2023.

Sl.No	Year	Wind renewable energy	Hydro renewable energy	Distributed renewable energy*	Other renewable energy	Total renewable energy
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	2024-25	0.67%	0.38%	1.50%	27.35%	**29.91%**
2.	2025-26	1.45%	1.22%	2.10%	28.24%	**33.01%**
3.	2026-27	1.97%	1.34%	2.70%	29.94%	**35.95%**
4.	2027-28	2.45%	1.42%	3.30%	31.64%	**38.81%**
5.	2028-29	2.95%	1.42%	3.90%	33.10%	**41.36%**
6.	2029-30	3.48%	1.33%	4.50%	34.02%	**43.33%**

11) Accordingly, PFI has reworked for the computation of RPO as per above trajectory. Further, due to unavailability of data with respect to power procured from Wind & Hydro Projects commissioned after the 31st March, 2024 and power from DRE plants, PFI has considered all the renewable energy procured by DISCOM under Other RE and computed the penalty equivalent to buyout price of Rs. 245/MWh proposed by Hon'ble CERC vide its suo-moto Order 22/10/2025. The summary of RPO shortfall and penalty is as follows:

Energy Sale	**MU**	**27,976**				
RPO Target as per MoP Notification dated 23/10/2023	**Source**	**Wind**	**HPO**	**DRE**	**Other**	**Total**
	%	1.97%	1.34%	2.70%	29.94%	35.95%
	MU	551	375	755	8376	10057
RE power procured against the Target						
Hydro	MU	0				
Wind	MU		0			
DRE	MU			0		
Other RE	MU				9181	
Total	**MU**	**0**	**0**	**0**	**9181**	**9181**
RPO Shortfall						
Hydro	MU		(375)			
Wind	MU	(551)				
DRE	MU			(755)		

Energy Sale	MU	27,976				
RPO Target as per MoP Notification dated 23/10/2023	Source	Wind	HPO	DRE	Other	Total
	%	1.97%	1.34%	2.70%	29.94%	35.95%
	MU	551	375	755	8376	10057
Other RE	MU				0	
Total	**MU**	**(551)**	**(375)**	**(755)**	**0**	**(1,681)**
Penalty as per CERC Buyout price @105% of Avg. REC price of FY 2024-25	**Rs./kWh**					**0.245**
Total Penalty	**Rs. Cr.**					**41**

12) **PFI requests the Hon'ble Commission to levy penalty of Rs. 41 Cr. on APEPDCL for non-compliance of RPO and direct APEPDCL to submit a road map for meeting the RPO in subsequent Financial Years.**

13) **PFI submits that being RE rich State, APDISCOMs should actually procure more than the RPO mandate instead they are not even meeting the minimum requirements of RPO compliance. This matter has to be taken as serious non-compliance of RPO targets which may lead to non-fulfillment of the steps initiated by the country to achieve the target of 500 GW of RE by 2030 and Net Zero by 2070. RE States like AP have a critical role to play in Energy Transition.**

D. WORKING CAPITAL REQUIREMENTS FOR AP DISCOMS

i) The Audited Accounts of the AP DISCOMs for FY 2024-25 have not been uploaded on the DISCOMs websites till the date. However, it has been observed by PFI from the Audited Accounts of FY 2023-24 of AP DISCOMs that they are paying huge Interest on Working Capital (IoWC) loans. APEPDCL has paid Rs 524 Cr of actual IoWC in FY 2023-24. The Summary of Working Capital Loan taken by the AP DISCOMs and interest paid thereon in FY 2023-24 is as follows:

(Rs. Cr.)

Particulars	APCPDCL	APSPDCL	APEPDCL
Working Capital	10,116	16,300	-
Interest on Working Capital	1,259	1,880	524

(Source: Audited Accounts of AP DISCOMs for FY 2023-24)

ii) However, APERC in Tariff Order dtd. 11/03/2024 for determination of Tariff for FY 2024-25 has determined the IoWC as **NIL for APCPDCL and APEPDCL and nominal Rs 1.30 Cr for APSPDCL**. The relevant extract of the said Tariff Order is as follows:

*"As per clause 10.5 of the 6th Amendment to APERC Regulation 4 of 2005 which was issued after the filing date, the Working Capital requirement for Supply Business for the year shall be considered as being equal to One and a half months (45 days) of expected PP cost for the ensuing year plus 60 days of average FPPCA amount of the current year, **Minus Amount held as security deposit from retail supply consumers as of 31st March of the current year**. Accordingly, based on the information available with the Commission, and considering the interest rate for working capital as 1% above the Interest on Debt taken by DISCOMs for FY 2024-25 in their respective MYT Filings, the allowable interest on the working capital requirement in Supply Business for FY 2024-25 is worked out as shown below to be allowed as part of ARR of DISCOMs for FY 2024-25.*

Sl.No	Item/DISCOM	SPDCL	CPDCL	EPDCL	TOTAL
1	45 Days of PP Cost including Transmission & LDC	2074.88	1145.87	2151.43	5372.18
2	Average FPPCA for previous Year for 60 Days @ (Average Rate till December-2023)	472.99	258.79	478.34	1210.11
3	Opening Balance of Amount held in Security Deposit	2534.46	1667.75	2845.79	7048.00
4	Working Capital Requirement for Retail Supply Business: **(1+2-3)**	13.41	-263.10	-216.03	-465.71
5	Interest rate considered	9.67%	11.80%	10.05%	
6	**Interest on Working Capital for Retail Supply Business**	**1.30**	**0.00**	**0.00**	**1.30**

iii) As above, the Hon'ble Commission determines the IoWC as per the applicable Regulatory Provisions and allowed only Rs 1.3 Cr IoWC in FY 2024-25.

iv) Further, it has been noticed that as per latest Audited Accounts available on the websites of AP DISCOMs, which are for FY 2023-24, there is a huge outstanding subsidy amount of Rs. 11,477 Cr. payable by the State Govt. Moreover, Govt. Dues of Rs. 15,157 Cr. are also pending. As a result of said outstanding subsidy & Govt. Dues AP DISCOMs become dependent on huge working capital loans resulting in a burden of interest thereof. In this regard, several Stakeholders raised their objections and submitted to the Hon'ble Commission that the DISCOMs are dependent on huge Working Capital loans for meeting their finances. Relevant extract of the Tariff Order dtd. 11/03/2024 is as follows:

> *"ii. Sri. B.Tulasidas, Kandarapu Murali & others stated that there is a huge outstanding subsidy amount of Rs.22,234.60 Crs payable by the State Govt.* ***This is making the DISCOMs to depend on huge working capital loans resulting in a burden of interest.*** *The Commission may take steps such that timely subsidy is released from the GoAP. Further, during the public hearings, some objectors stated that payment of reasonable interest in case of delay in disbursement of advance subsidy by the GOAP may be fixed by the Commission.*
>
> *iii. During the hearings, Sri. M. Venugopala Rao stated that the three DISCOMS have shown a subsidy due up to September 2023 as Rs.22,234.60 crore from the GoAP. Even though the State Govt is issuing a commitment letter before issuing of tariff order, in reality, they are not paying the subsidy in advance or in time. He requested the Commission to explore the possibility of getting the commitment of GoAP in a legally binding and irrevocable way, with a stipulation that, for the delay in providing the agreed subsidy in time,* ***it should also pay reasonable interest to the DISCOMS for the delayed period****. Otherwise, the DISCOMs have to take loans for working capital, bear the burden of interest thereon and incur losses. If the burden of interest on working capital is allowed as a pass-through to be collected from the consumers, it would be*

tantamount to penalising them for the failure of commission or omission of the GoAP.

v) Further, Sections 61 (d) of the Act stipulates that appropriate Commission to specify Tariff Regulations considering various parameters including safeguarding of consumers' interest **and at the same time, recovery of the cost of electricity in a reasonable manner.** Also, Electricity (Second Amendment) Rules, 2023 dtd. 26/07/2023 stipulates that the prudent costs incurred by the distribution licensee for creating the assets for development and maintenance of distribution system should be allowed. The relevant extract of the said Rules is as follows:

> *"(4) All the prudent costs incurred by the distribution licensee for creating the assets for development and maintenance of distribution system in accordance with sub-section (1) of section 42 of the Act shall be passthrough:"*

vi) In view of above, PFI requests the Hon'ble APERC to consider amending the applicable Regulatory provisions and allow actual interest on Working Capital for the DISCOMs considering the fact that there is huge outstanding subsidy payable to the AP DISCOMs for which the DISCOMs are compelled to take short term Working Capital that may be attributable to payment to GENCOs/TRANSCO/creation of assets etc. Such interest on Working Capital is a prudent cost incurred by the DISCOMs which if not allowed will become financial losses to the stressed DISCOMs. Provisionally, actual interest on working capital as per latest audited accounts of FY 2023-24, i.e. Rs. 524 Cr. should be allowed.

E. OTHER COSTS

14) APEPDCL has claimed Rs. 10.00 Cr. under Compensation for victims of electrical accidents for FY 2026-27, which is as follows:

S.No.	Particulars	Details link	Amount (In Rs crores)			
			Base Year	FY 2024-25	FY 2025-26	FY 2026-27
1	Payment AGL Solar pumpsets		15.18	14.50	13.43	12.43
2	Energy Efficient Pump Sets		6.64	6.64	6.64	6.64
3	DELP		1.79	1.79	1.78	1.79
4	Compensation to the victims of Electrical Accidents		4.38	10	10	10
	Total		**27.99**	**32.93**	**31.85**	**30.86**

15) AP DISCOMs have claimed Compensation to victims of electrical accidents as per APERC (Compensation to Victims of Electrical Accidents) Regulation, 2017.

16) However, PFI observes that Section 57 (2) and Section 59 (1) of the Act focus on two key points i.e., Compensation and Furnishing Case-wise information. Relevant sections are as follows:

"Section 57. (Consumer Protection: Standards of performance of licensee):

(1) The Appropriate Commission may, after consultation with the licensees and persons likely to be affected, specify standards of performance of a licensee or a class of licensees.

(2) If a licensee fails to meet the standards specified under sub-section (1), without prejudice to any penalty which may be imposed or prosecution be initiated, he shall be liable to pay such ***compensation to the person affected*** *as may be determined by the Appropriate Commission:*

Provided that before determination of compensation, the concerned licensee shall be given a reasonable opportunity of being heard.

…

Section 59. (Information with respect to levels of performance):

(1) Every licensee shall, within the period specified by the Appropriate Commission, ***furnish to the Commission the following information****, namely:-*

(a) the level of performance achieved under sub-section (1) of the section 57;

(b) ***the number of cases in which compensation was made under subsection (2) of section 57 and the aggregate amount of the compensation."***

17) Conjoint reading of Section 57 & Section 59 leads to the conclusion that DISCOMs need to submit case-by-case details to the Commission and the Commission will determine the compensation only after going through the merits of each case.

18) Further, Hon'ble APTEL vide its Judgment[1] dated 27/09/2012 in Appeal No.141 of 2012 provided clarification of Section 57(2) stating that SERCs will determine compensation on a case-by-case basis after analyzing the failure in meeting standard of performance and other details, relevant extract from said judgement is as follows:

*"**Section 57(2) provides for a case-by-case determination of compensation**. Such compensation has to be paid to the affected person. This will make it clear that the State Commission will have to determine on the basis of allegation that a particular standard of performance had been violated, as to how and what extent the person has been affected due to such violation."*

19) PFI observes that DISCOMs have not submitted any details or reference of the communications forwarded to the Hon'ble Commission w.r.t. electrical accidents and action taken and have only claimed the compensation amount in the Petition.

20) It is pertinent to note that all penalties and compensation payable by the DISCOM to any party for failure to meet any Standards of Performance or for damages, as a consequence of the orders of the Commission, Courts, Consumer Grievance Redressal Forum, and Ombudsman, etc., should not be allowed to be recovered through the Aggregate Revenue Requirement.

21) **In view of above, PFI proposes the Hon'ble Commission to direct DISCOMs to submit case-by-case reason of accident and allow pass through of compensation only in cases where the reason is not attributable to the DISCOM.**

F. PM Surya Ghar – Muft Bijli Yojna and Demand Side Management

22) PM Surya Ghar: Muft Bijli Yojana, the world's largest domestic rooftop solar initiative, is transforming India's energy landscape with a bold vision to supply solar power to one crore households by March 2027. By March 2025, installations under the scheme are expected to exceed 10 lakh, with the numbers doubling to 20 lakh by October

[1] https://www.aptel.gov.in/judgements/Judgment%20in%20APPEAL%20No.141%20of%202012_Replace_27092012_ssi.pdf

2025, reaching 40 lakh by March 2026, and ultimately achieving the target of one crore by March 2027[2]. The scheme is projected to add 30 GW of solar capacity through rooftop installations in the residential sector, significantly contributing to India's renewable energy goals.

23) Through this rooftop solar scheme many domestic consumers will have Net metering connections which will have a sizeable impact on the domestic category sales. However, in the Tariff Petition for ARR of FY 2026-27, it is noted that none of the AP DISCOMs have submitted any proposal related to **PM Surya Ghar – Muft Bijli Yojna**.

24) Further, the AP DISCOMs have also not submitted any proposal related to **Demand Side Management (DSM) initiatives**. DSM is a strategic approach to energy conservation that seeks to manage consumer demand for energy rather than simply supply it. It is a coordinated set of activities and programs undertaken by electric utilities, developers, government agencies, and end-use customers to ensure that electric power service can be delivered to consumers at the lowest cost consistent with reliable supply. DSM also seeks to promote energy conservation and peak load reduction through voluntary or mandatory actions taken by the above-mentioned participants.

25) In view of above, PFI submits that Sales forecast for AP DISCOMs in ARR of FY 2026-27 may be done considering the impact of **PM Surya Ghar – Muft Bijli Yojna and Demand Side Management (DSM) initiatives**.

G. Other Issues pertaining to non-alignment with the MoP Rules

C.1 TIME OF DAY (ELECTRICITY (RIGHTS OF CONSUMERS) AMENDMENT RULES, 2023 DTD. 14/06/2023)

a) Electricity (Rights of Consumers) Amendment Rules, 2023 dtd. 14/06/2023 stipulates that every consumer category except Agriculture should have Time of Day (TOD) Tariff with effect from 01/04/2025 and shall be made effective immediately after installation of Smart Meters, for the consumers with Smart Meters.

[2] https://pib.gov.in/PressReleasePage.aspx?PRID=2081250

b) Further, the Rules also stipulates that ToD Tariff for Commercial and Industrial consumers during peak period of the day shall not be less than 1.20 times the normal tariff and for other consumers, it shall not be less than 1.10 times the normal tariff. Further ToD during Off-peak hours should be at least 20% less than the normal tariff (not more than 80% of the normal tariff).

c) It is to be noted that the AP DISCOMs have not proposed ToD for Domestic consumers, where Smart Meters have been installed, for FY 2026-27. Also, the DISCOM has not proposed the ToD Tariff for Electric Vehicle Charging Stations as tabulated below, however, the Hon'ble Commission has mentioned in second proviso of clause 20.1 of 7th Amendment of APERC (Terms and Conditions for determination of Tariff for Wheeling and Retail Sale of Electricity) Regulation, 2005 to have Time-of-Day Tariff for Electric Vehicles/Charging stations, the relevant paragraph of the regulation is as follows:

"Provided further that the Electric Vehicles/Charging Stations shall have Time-of-Day (ToD) and Dynamic tariff mechanisms specifically for Charge Point Operators (CPOs) as determined by APERC in the Retail Supply Tariff Orders every year."

Proposed Tariff Schedule FY 2026-27

Category	Group	Sub-Category	Fixed/ Demand Charges per month (Rs/HP/KW)	Energy Charges (Rs./Unit)	Full Cost Recovery Energy charges as per the directions of GoAP (Rs./unit)
LT Power Supply					
I - Domestic	A	0-30	10	1.90	5.00
I - Domestic	A	31-75	10	3.00	5.17
I - Domestic	A	76-125	10	4.50	5.51
I - Domestic	A	126-225	10	6.00	7.15
I - Domestic	A	226-400	10	8.75	8.75
I - Domestic	A	>400	10	9.75	9.75
II - Commercial	A (i)	0-50	75	5.40	5.40
II - Commercial	A (i)	51-100		7.65	7.65
II - Commercial	A (i)	101-300		9.05	9.05
II - Commercial	A (i)	301-500		9.60	9.60
II - Commercial	A (i)	Above 500 Units		9.95	9.95
II - Commercial	A (i)	Peak (19:00 Hrs - 23:00 Hrs.) => 10KW (ToD Premium)		+1.00	+1.00
II - Commercial	A (i)	Off Peak (09.00 Hrs to 17.00 Hrs) => 10KW (ToD Premium/Rebate)		0.00	0.00
II - Commercial	A (ii)	Advertising Hoardings	200	9.95	9.95
II - Commercial	A (iii)	Function halls / Auditoriums	200	9.95	9.95
II - Commercial	B	Startup Power	-	9.95	9.95
II - Commercial	C	Electric Vehicles / Charging Stations	-	6.70	6.70

d) The DISCOM has proposed the following Tariff for **Industrial consumers** in Off-peak, Peak and Normal hours:

Hours/Voltage	11 kV	33 kV	132 kV	220 kV
Normal	6.30	5.85	5.40	5.35
Off-peak	5.55	5.10	4.65	4.60
(% wrt Normal)	**88%**	**87%**	**86%**	**86%**
Peak	7.80	7.35	6.90	6.85
(% wrt Normal)	**124%**	**126%**	**128%**	**128%**

e) It is noted from table above that the tariff in Off-peak hours for Industrial consumers is more than 80% of Normal Tariff which is against the Electricity (Rights of Consumers) Amendment Rules, 2023 dtd. 14/06/2023.

f) DISCOMs have also not submitted the status of ToD in their area (tariff category wise). Therefore, the actual implementation of Electricity (Rights of Consumers) Amendment Rules, 2023 dtd. 14/06/2023 related to ToD cannot be ascertained.

g) Further, for Commercial consumers the DISCOM has proposed the following Tariff:

Hours/Voltage	11 kV	33 kV	132 kV	220 kV
Normal/Off Peak	7.65	6.95	6.70	6.65
Peak	8.65	7.95	7.70	7.65
(% wrt Normal)	**113%**	**114%**	**115%**	**115%**

h) It is noted from table above that the tariff in Peak hours for Commercial consumers is nearly equal to 120% of Normal Tariff which is more or less in line with the Electricity (Rights of Consumers) Amendment Rules, 2023 dtd. 14/06/2023.

i) However, DISCOM has proposed Off-peak Tariff for Commercial consumers which is same as for normal hours and it is non- compliance of the Consumer Rules formulated by MoP.

j) PFI observes that the cost of power purchase during peak hours is quite high. Time of Day (ToD) Tariff is an important Demand Side management (DSM) measure to flatten the load curve and avoid such high-cost peaking power purchases. Accordingly, in ToD Tariff regime peak hour consumption is charged at higher rates which reflect the higher cost of power purchase during peak hours. At the same time, a rebate is being offered on consumption during off-peak hours. This is also meant to incentivise consumers to shift a portion of their loads from peak time to off-peak time, thereby improving the system load factor and flatten the load curve. The ToD Tariff is aimed at optimizing the cost of power purchase, which constitutes over 80% of the Tariff charged from the consumers. It also assumes importance in the context of propagating and implementing DSM and achieving energy efficiency.

k) Introduction of higher peak hour Tariff would initially generate additional revenue which would compensate for the reduction in revenue on account of lower Tariff during off peak hours. In the long run, this would provide signals to the consumers to reduce load during peak hours and, wherever possible, shift this consumption to off-peak hours. Any loss of revenue to the utility on account of shifting of load from peak to off-peak hours in the long run would by and large get compensated by way of reduction of off-peak surplus to the extent of increase in off-peak demand.

l) The ToD Tariff would thus have immediate as well as long-term benefits for both, consumers as well as the utility and contribute towards controlling the rise in power purchase costs.

m) Thus, PFI requests APERC to formulate ToD tariff for all eligible consumers in line with the MoP Electricity (Rights of Consumers) Amendment Rules, 2023 dtd. 14/06/2023 as amended from time to time.

H. SUMMARY

26) As stipulated in above Sections, summary of ARR for FY 2026-27 is as follows. Hon'ble APERC is requested to kindly consider the same.

Table: *Summary of ARR FY 2026-27 for APEPDCL (Rs. Cr.)*

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
1	Sales (MU)	27,976	27,976	0
2	Distribution Loss	3.40%	3.40%	
3	Transmission Loss	3.65%	3.65%	
4	Power Purchase Cost	14,266	13,545	-721

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
4a	***Less:** PPA Not Approved*		*680*	
4b	***Less:** RPO Penalty*		*41*	
5	Transmission Charges	2,165	2,165	0
6	Interest on Working Capital	-	524	524
6a	Add: Actual as per Audited Accounts (Due to pending subsidy and Govt. departments dues)		524	
7	Other Interest charges	599	599	0
8	Other Cost	4,700	4,690	-10
8a	***Less:** Supply Margin*		-	
8b	***Less:** Compensation for Electrical accident on account of reasons attributable to DISCOM*		*10*	
9	**Aggregate Revenue Requirement (ARR)**	21,731	21,524	-207
10	**Less:** Non-Tariff Income	567	567	0
11	**Net ARR**	21,163	20,956	-207
12	Revenue from Sale of Power (at existing Tariff)	16,551	16,551	
13	**Revenue (Gap)/Surplus**	-4,612	-4,405	

In view of above, elements of ARR which are not as per Regulatory provisions may not be passed on to the consumers of Andhra Pradesh and socialised, rather it should be borne by Govt. of Andhra Pradesh in the form of subsidy on account of higher claims of AP DISCOMs as tabulated above, over and above the subsidy to be decided by Govt. of AP for FY 2026-27. If interest on working capital is being passed on in the ARR and met by Tariff hike, then the Govt. of AP should increase the subsidy decided from proposed Rs. 4,612 to Rs. 4,653 Cr. In case of no Tariff hike, the interest on Working Capital may also be borne by the Govt. of Andhra Pradesh and in this case the proposed subsidy of Rs. 4,612 Cr. may be increased to Rs. 5,177 Cr.

PRAYERS BEFORE HON'BLE APERC:-

1) **To consider the comments / suggestions of Power Foundation of India (PFI) on ARR & Tariff Petition of Andhra Pradesh DISCOMs for FY 2026-27.**
2) **To conduct True-Up of FY 2024-25 on suo-motu basis by 31st March 2026.**
3) **To reduce Power Purchase Cost against 4 nos. of Generating Stations (NTPC Kudgi, NTECL Vallur, NTPL-Tuticorin & NNTPS-Nyveli) for FY 2026-27 and to consider the generation from all hydro plants at the same level or higher levels for FY 2026-27.**
4) **To not consider the cost claimed by AP DISCOMS against supply margin in retail supply business for ARR of FY 2026-27 as claimed by APSPDCL.**
5) **To allow actual interest on Working Capital for the DISCOMs for FY 2026-27.**
6) **To allow the cost claimed by APDISCOMs against Compensation to victims of electrical accidents only if the accident is not attributable to AP DISCOMs.**
7) **To levy a penalty on the DISCOMs for non-compliance of Renewable Purchase Obligation.**
8) **To consider additional submissions, if any, made by PFI for AP DISCOMs Tariff Petition for ARR & Tariff of FY 2026-27.**