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NOTIFICATIONS BY HEADS OF DEPARTMENTS, Etc.

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**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
HYDERABAD.**

Lr.No.APERC/Secy/F.No.S-19 (Vol.II)/D.No.93/2022.

Dt: 10-02-2022.

Regulation 1 of 2022

**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION (TERMS
AND CONDITIONS FOR PROCUREMENT / SALE OF POWER ON
SHORT TERM BASIS BY THE DISTRIBUTION LICENSEES)
REGULATION, 2022.**

Introduction:

A draft regulation “for procurement/sale of power on short term basis by the Distribution Licensees” was placed along with the public notice on the website of the Commission on 24.11.2021 inviting views/suggestions/objections from the stakeholders on the same. In response to the said public notice, the Commission received views/suggestions/objections from a number of stakeholders. After considering the views/ suggestions/objections received from the stakeholders on the draft Regulation vide the Commission’s Statement of Reasons Order dated 09.02.2022, the Commission finalised the regulation.

Accordingly, the Andhra Pradesh Electricity Regulatory Commission, in exercise of the powers conferred on it by section 181 of the Electricity Act, 2003 read with section 86(1)(b) and all other powers enabling it in that behalf, hereby makes the following Regulation:

1. Short title, Extent and Commencement

- i. This Regulation may be called the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for short-term procurement/sale of power) Regulation, 2022.
- ii. This Regulation shall extend to the whole State of Andhra Pradesh.
- iii. This Regulation shall come into force from the date of its publication in the AP State Gazette.
- iv. This Regulation supersedes all the stipulations/guidelines/directions issued by the Commission in the matter of short-term power procurement/sale.

2. Definitions –

(1) In this Regulation, unless the context otherwise requires:

- (a) **‘Act’** means the Electricity Act, 2003;
- (b) **‘APTRANSCO’** means the Transmission Corporation of Andhra Pradesh Limited, a State Transmission Utility, fully owned by the Government of Andhra Pradesh State;
- (c) **‘Benchmark Price for short-term power procurement’** for a particular year means the per unit weighted average power purchase price of the licensees determined by the Commission for that year from the approved sources in the Retail Supply Tariff Order;
- (d) **‘Commission’** means Andhra Pradesh Electricity Regulatory Commission;
- (e) **‘Day’** means the period between 00.00 hrs to 24.00 hrs of any day of the week or a duration of 24 hours if the period overlaps two days of the week;
- (f) **‘Exchanges’** mean the Energy Exchanges that are approved and regulated by the Central Electricity Regulatory Commission;
- (g) **‘Licensees’** mean the distribution licensees in the State of Andhra Pradesh;

- (h) **'Month'** means calendar month or 30 days if the period overlaps two calendar months;
- (i) **'Short-term'** means a period up to one year;
- (j) **'SLDC'** means Andhra Pradesh State Load Despatch Center;
- (k) **'State'** means the State of Andhra Pradesh;
- (l) **'Week'** means the period from 00:00 hours of Monday to 24:00 hours of Sunday or a period of 7 days;
- (m) **'Year'** means financial year or 365 days if the period overlaps two financial years;
- (n) **'The surplus energy'** means energy available from approved sources in excess of requirement during any time period including the surplus energy from wind and solar power plants due to must-run status.

(2) Save as aforesaid and unless repugnant to the context or if the subject-matter otherwise requires, words and expressions used in this Regulation and not defined, but defined in the Act or other Regulations made thereunder by the Commission shall have the meanings assigned to them in the Act or other Regulations made by the Commission.

(3) Reference to any Act, Rules, Regulations, or Guidelines shall include amendments.

3. Demand Estimation methodology

The monthly estimation of demand for each block of 15 minutes duration shall be carried out by SLDC based on historical data, demand forecasts by the licensees, latest available Artificial Intelligence (AI) tools like deep/machine learning (to be used by both the licensees and SLDC), etc. The weekly and day-ahead demand estimations by SLDC shall take into consideration weather forecasts also in addition to the above data. The efficacy of AI tools to forecast the demand accurately vis-a-vis the actual demand shall be assessed periodically and if necessary, improvements to algorithms may be carried out to improve the accuracy of the estimates.

4. Monthly Power Procurement

By the 10th of every month, each licensee shall separately communicate to SLDC its estimation of demand for each block of 15 minutes duration for the immediate following month. SLDC after assessing the demand based on its own estimate for the State (excluding OA demand) as a whole vis-a-vis demand

communicated by all the licensees and availability of power from all the approved sources (after taking into account the maintenance schedules of generating stations, transmission constraints, generation and transmission capacities likely to be added in the next month) shall communicate to the licensees the power required to be procured by each of them on a short-term basis for the following month within three working days from the date of receipt of demand estimations from the licensees. Upon receipt of the communication from SLDC, the licensees shall float tenders on the national DEEP e-bidding portal and/or bid from power exchanges to procure the power communicated by SLDC. Within three working days of the close of the bidding, the licensees shall place before the Commission the details of the quantum of power and prices offered by each of the bidders in response to their tenders along with the licensees' analysis on the bids received and also the quantum of power and the prices at which they intend to purchase the same if the prices discovered are above the 'Benchmark Price for short-term power procurement' fixed by the Commission. After analysing the above information, the Commission will communicate its decision on whether to proceed with the procurement within a week's time indicating the quantum of power and the prices at which the power should be procured and the conditions, if any, to be complied with by the licensees. However, in cases where the discovered price per unit is less than the 'Benchmark Price for short-term power procurement' fixed by the Commission, the licensees may procure such power and seek ratification from the Commission within a fortnight of placing the orders.

5. Weekly Power Procurement

By the Wednesday of every week, SLDC after assessing the demand based on its own forecast for the whole State (excluding OA demand) and availability of power from all the approved sources including the availability of power from the sources on a short-term basis under the monthly power procurement plan and after taking into account the maintenance schedules of generating stations, transmission constraints, generation and transmission capacities likely to be added in the next week, shall communicate to the licensees the short-term power requirement for the immediate following week. The licensees may procure power as communicated by the SLDC in the power exchanges. All such weekly purchases shall be got ratified by the Commission fortnightly.

6. Day-ahead Power Procurement

Every day by 10 AM, SLDC after assessing the demand based on its own forecast all over the State (excluding OA demand) and availability of power from all the approved sources including the availability of power from the sources on a short-term basis under monthly & weekly power procurement plan after taking into account the maintenance schedules of generating stations and transmission constraints shall communicate the power requirement for the next day to the licensees. The licensees may procure power as communicated by the SLDC in the DAM (Day-Ahead Market in power exchanges). All such Day Ahead purchases shall be got ratified by the Commission fortnightly.

7. Intraday purchases

The licensees/SLDC shall have modern software tools/models in place to estimate the demand 8-10 time blocks ahead. When there is less generation from approved sources compared to the forecast/schedule leading to a gap between supply and demand during intraday, the licensees may meet the gap by procuring the required power from the Real-Time/intraday market of the exchanges. The details of the quantum of energy procured time block wise during each day to meet the shortage, save power purchase cost and maintain grid security shall be maintained separately. All such intraday purchases shall be got ratified by the Commission fortnightly.

8. Bilateral Purchases & Procurement for more than a month

Under no circumstances, the licensees shall purchase energy through bilateral contracts except from the sources expressly approved by the Commission. For example, those sources where the PPAs have expired or through Banking/Swapping/Forward contracts and if the licensees desire to procure power from such sources, they shall first approach the Commission with the proposal at least 15 days in advance before the date of commencement of power procurement. The Commission will then examine the proposal of the licensee(s) case by case and grant approval, if necessary, after considering all the relevant factors. Banking/Swapping is permitted bilaterally with the prior approval of the Commission till the guidelines are issued by the Ministry of Power in this regard which the DISCOMs can then follow. The Licensees may also float tenders in DEEP e-bidding portal or bid from power exchanges for a period of more than a month and up to one year if they desire for a base capacity with the prior approval of the Commission.

9. Criteria for ratification of short term procurement/sales by the Commission

The short term power procurement shall not result in backing down of cheaper power from thermal power plants approved in the Retail Supply Tariff Order in that year. However, backing down of the approved thermal power plants is permitted when the per unit landed price of short term power at AP state periphery is less than the marginal cost of the approved thermal station(s) in the merit order or there is a threat to grid security. The purchase of short term power in case its unit price exceeds 'the benchmark price' shall be justified by the licensees. Further, the sale of power shall not result in the imposition of load reliefs and additional financial burden on the DISCOMs. In addition to the above, the licensee shall strictly comply with the guidelines of MoP and regulations/directions of the Commission for short-term procurement/sales in all applicable cases.

10. Ministry of Power Guidelines on short-term power procurement

The guidelines/procedure prescribed by the Ministry of Power, GoI for short-term power procurement in various orders issued from time to time shall be scrupulously followed by licensees while procuring short-term power. These guidelines will not be applicable for energy purchases from the exchanges and through Banking/Swapping arrangements.

11. Placing of information on websites

The monthly/weekly/day-ahead power requirement communicated by SLDC to the licensees and the monthly/weekly/day-ahead/intraday power procurements/Sale by the licensees shall be made available on the websites of the licensees and SLDC within 48 hours of such procurements/sale with ease of access to the current as well as archived data.

12. Reserve shutdown

Under no circumstances, approved generators shall be kept under reserve shutdown on the pretext of saving power purchase costs unless such shutdowns result in saving of overall power purchase costs. All such "reserve shutdown/revival from shutdown" details shall be placed before the Commission within 48 hours of such shutdowns/revival with a detailed justification report for shutdowns till the Commission finalises regulations/guidelines on reserve shutdown of approved sources and their revival from reserve shutdown. The

DISCOMs may conduct “unit commitment modelling exercise” on a weekly basis for taking informed decisions on reserve shutdowns.

13. Sale of Surplus power

The licensees shall make all efforts to sell the surplus power that is available during certain time blocks/periods through the exchanges, DEEP e-bidding portal or through Banking/Swapping/Forward contracts provided such sales do not lead to the imposition of load reliefs and/or increase in overall power purchase costs. All such sales shall be got ratified by the Commission fortnightly.

14. Constitution of a dedicated cell

A common round the clock dedicated cell comprising at least one officer of the rank of General Manager from each DISCOM shall be constituted by the three DISCOMs within one month from the regulation coming into force. Each General Manager shall be assisted by one Executive Engineer and one Deputy Executive Engineer to be available in each shift. The cell shall have the power to purchase/sell the energy in real-time, intraday, day-ahead, week ahead or any longer duration through Power Exchanges. The cell shall prepare weekly reports on the purchases, sales & savings in costs achieved and submit them to the Commission. The licensees shall frame suitable guidelines for the modus operandi of the dedicated cell in line with the spirit of this Regulation and seek the approval of the Commission for the same within 45 days from the coming into force of this Regulation.

15. Computation of landed prices of short-term procurement

While computing the per unit landed prices of short-term power at AP state periphery particularly when the power is procured from the power exchanges by backing down/reserve shutdown of the approved thermal stations with the intention of reducing the power purchase costs, the licensees shall add the per unit transmission costs, LDC/scheduling costs, energy losses converted into cash, transmission deviation charges plus 25 paise (towards other incidental/associated costs) to the per unit procurement price in the power exchanges provided that the approved sources under operation shall not be backed down to operate below the technical limits as specified in the Indian Electricity Grid Code(IEGC), till the Commission finalises guidelines on the

landed cost. The landed cost is not relevant when energy is purchased to meet the shortages and/or to maintain grid security.

16. Real-Time Data

The SLDC shall make available the real-time data of generation from all the sources/generators and demand to the dedicated monitoring cell of the licensees, and the Commission.

17. Furnishing of the information to the Commission

The licensees shall submit the following periodical information on short-term procurement to the Commission through email:

- a. The details of real-time/intraday/day-ahead market power procurements and sales (block-wise quantum of power and rate per unit) by the end of every day.
- b. The details of weekly power procurement and sales in TAM (Term Ahead Market) for the next week and power supply status for the immediate previous week by the end of Wednesday of the present week.
- c. The details of power procurements and sales for the next month and power supply status for the immediate previous month by the end of the 10th day of the present month.

The daily/weekly/monthly reports of the licensees shall also include the shut down/breakdown/generation details of the approved sources in the Retail Supply Tariff Order supported by the data furnished by the generators. Further, the reports shall clearly indicate day wise/block wise details of the breakup of the energy procured to meet the shortages, maintain grid security (intra-day) and save power purchase costs.

18. Power to relax time limits

The Commission may relax the time limits specified in this Regulation for various activities for sufficient reasons to be recorded in writing.

19. Powers to remove difficulties

If any difficulty arises in giving effect to the provisions of this Regulation, the Commission may, by general or specific order, make such provisions not inconsistent with the provisions of the Act, as may appear to be necessary for removing the difficulty.

20. Power to amend

The Commission may, at any time, add, vary, alter, modify, delete or amend any provisions of this Regulation.

21. Power to dispense with the requirement of the Regulation

The Commission shall have the power, for reasons to be recorded in writing and with notice to the affected parties, to dispense with the requirements of any provision of this Regulation in a specific case or cases subject to such terms and conditions as may be specified.

22. Savings

- (i) The provisions of this Regulation shall be in addition to and not in derogation of the provisions of any other law or rules or regulations or scheme or contract for the time being in force.
- (ii) Subject to the provision of the Act and this Regulation, the Commission may, from time to time, issue orders and practice directions with regard to the implementation of this Regulation and procedure to be followed on various matters which the Commission has been empowered by this Regulation to specify or direct.
- (iii) Nothing in this Regulation shall bar the Commission from adopting a procedure which is at variance with any of the provisions of this Regulation, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing deems it necessary or expedient.

(By order of the Commission)

Place : Hyderabad,
Date: 09-02-2022.

C. RAMAKRISHNA,
Commission Secretary (I/c).

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