

**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION****Hyderabad****Dated : 21-09-2005****PRESENT:****Sri. K. Swaminathan, Chairman****Sri. K. Sreerama Murthy, Member****Sri. Surinder Pal, Member****O. P. No. 16 of 2005****In the matter of determination of Surcharge and Additional Surcharge under Sections 39, 40 and 42 of the Electricity Act, 2003**

This matter coming on for public hearing on 11-08-2005 in the presence of the representatives of the licensees, individuals, consumer rights activists and other stakeholders at Hyderabad and having stood over for consideration till this day, the Commission passed the following:

**ORDER****1. Introduction:**

1.1 Sections 39(2)(d)(ii) and 40(c) of Electricity Act, 2003 (hereinafter referred to as the Act) provide for payment of a surcharge (hereinafter also referred to as the cross-subsidy surcharge to distinguish it from the additional surcharge referred to in section 42(4) of the Act) when a transmission system is used for open access for supply of electricity to a consumer. Section 42(2) of the Act provides for payment of the surcharge in addition to the wheeling charges as determined by the State Commission. As per these provisions, the surcharge has to be utilised to meet the requirements of current level of cross-subsidy. Further, Section 42(4) of the Act provides that a consumer permitted to receive supply of electricity from a person other than the Distribution Licensee of the area in which such consumer is located, shall be liable to pay an additional surcharge to meet the fixed cost of the distribution licensee arising out of his obligation to supply.

- 1.2 With a view to initiating a consultation process, the Commission presented its preliminary views on the aforementioned provisions of the Act in a Discussion Note issued in April 2004. In the Discussion Note, the Commission defined the cross-subsidy surcharge as the difference between the cost of supply as determined in its Tariff Order (based on the embedded cost methodology) and the average revenue realisation (inadvertently referred to in the Discussion Note as average tariff) per unit pertaining to the respective consumer categories. The Commission also heard the affected and other interested parties on the subject on 9.07.2004. During the hearings, a number of respondents expressed the view that the fixation of surcharge may be deferred till the determination of Terms and Conditions of Open Access under Section 42 (2) of the Act. They also sought another opportunity of being heard.
- 1.3 The Commission has since specified the Terms and Conditions of Open Access on 01.07.2005 vide its Regulation No. 2 of 2005, Clause 17.1(iii) of the said Regulation provides that Open Access users of the Transmission and / or Distribution System where such open access is for delivery of electricity to a consumers premises in the area of supply of a distribution licensee, shall pay to the distribution licensee the cross-subsidy surcharge as determined by the Commission from time to time under Section 42 (2) of the Act. Clause 17.1 (iv) provides for liability for payment of additional surcharge under Section 42(4) of Act.
- 1.4 In the context of the fact that the National Electricity Policy has been notified by the Government of India on 12.02.2005 and the draft Tariff Policy issued on 16.03.05, the Commission with due consideration to the National Electricity Policy and the changed circumstances, deemed it just and reasonable in public interest to discontinue the proceedings initiated earlier in the interest of justice and, accordingly, issued a Consultative Paper on 13-07-2005, initiating the proceedings afresh. A public notice was issued on 14-7-2005 in four daily newspapers seeking comments and suggestions on determination of cross-subsidy surcharge and other associated issues discussed in the Consultative Paper, also affording an opportunity of hearing to those who wanted to be heard in person in the public hearing.
- 1.5 The Commission received written responses on the Consultative Paper from 17 Individuals/organisations including the four distribution licensees. The lists of the

Individuals /organisations who have responded to the Consultative Paper and of those who made oral submissions before the Commission during the public hearing held on 11.8.2005, is enclosed to this Order vide Annexure-I

## **2. Summary of the Commission's proposals in the Consultative Paper:**

- 2.1 The Consultative Paper presented three options for computation of cross -subsidy representing different perceptions that had emerged since the issue of the Discussion Note in April 2004, as indicated in the approaches of the National Electricity Policy, the draft Tariff Policy and the advice rendered by the Forum of Indian Regulators (FOIR). The three options are: Embedded Cost Approach Option 1), Marginal/Avolded Cost Approach ((further sub-divided into Option 2A- Based on Total Costbased ranking, and Option 2B-Based on Variable Cost based on Merit Order/ranking) and Revenue / Retail Tariff- based approach (Option 3).
- 2.2 In all the options except Option 3, the cross-subsidy has been defined as the difference between the applicable retail tariff and the cost of supply to a particular consumer category connected at a particular voltage.
- 2.3 In case of Option 1, the power purchase cost of a particular consumer category is computed applying the embedded cost methodology wherein the fixed costs component of the total power purchase cost of a licensee is allocated based on the consumer category's contribution to system peak demand and the variable costs component on the basis of the weighted average variable cost of power purchase from all sources. This is the methodology presently followed by the Commission in its annual Tariff Orders.
- 2.4 In Option 2A, the power purchase cost is computed with reference to the generating costs of the marginal stations of a distribution licensee in the merit order based on the total costs (fixed costs plus variable cost). This option is based from the perspective of an open access consumer. The concept of marginal cost is used internationally in the electricity sector to define the benchmark power purchase costs of a consumer seeking open access. The decision to source his supply of power from the licensees grid or from elsewhere will be determined by the costs of alternate source (s) of power. The power purchase cost in this option, therefore, is with reference to the generating costs of the last marginal station of the distribution licensee in a merit order ranking based on total cost i.e. fixed cost plus variable cost. Under normal circumstances, the total cost (fixed plus variable

costs) of the marginal stations would approximate to the cost of power from a new plant.

- 2.5 In Option 2B, the power purchase cost is computed with reference to the generating costs of the marginal stations of the distribution licensee in the Commission-approved merit order (in its Tariff Orders) which is based on the variable cost alone and not on the aggregate of the fixed and the variable costs. This option is based from the perspective of a distribution licensee whose marginal stations will not get dispatched to the extent the open access load move away and the licensee will thereby avoid the purchase of electricity from such costly marginal stations (highest variable cost). The power purchase cost in this option therefore is with reference to the generating cost of the last marginal station of the distribution licensee in the merit order approved by the Commission, based on the variable cost. The weighted average fixed costs of the licensee as determined in the Commission's applicable Tariff Order are factored in for determining the surcharge.
- 2.6 The Option 3 has no relation to the power purchase cost or cost of supply to a particular consumer category. In this option, the cross-subsidy has been defined as the difference between the retail tariff of the consumer category and the average retail tariff of the distribution licensee.
- 2.7 In the Consultative Paper, the options were evaluated against the twin objectives of (i) Licensee's financial viability, and (ii) competition in generation and capacity-addition, using a concept called Residual Generation Rate or RGR.
- 2.8 RGR is defined as the generation rate, which would be attractive to an open access consumer vis-a-vis the regulated retail supply tariff. The cross-subsidy computations for consumers at different voltage levels in HT-I Industry-General category were tabulated in the Consultative Paper to illustrate the options.
- 3 The Commission has carefully examined the responses received from the public and other stakeholders on various issues. An analysis of the responses received on important issues and the Commission's analysis thereon are given below.

#### **4. Methodology for estimating cross-subsidy**

##### **4.1 Views and comments received**



The Small Hydro Power Developers Association, M/s. RVK Energy (P) Ltd and M/s. Jyothi Bio-energy Ltd. in their written responses have submitted that as the electricity sector operates on merit order, the approach based on avoided cost methodology appears to be consistent. However, while determining the generation costs for the cross-subsidy surcharge, the aggregate of the following should be considered:

- (i) Highest variable cost of generators within the State, and
- (ii) Fixed cost of generation considering costs of new capacity, which is being avoided.

Sri. Santosh Kamath, appearing for the distribution licensees, relying mainly on the provisions of the Act, pressed the point that the Commission has to determine the surcharge at the current level of cross -subsidy and that can be achieved only through the embedded cost approach.

The distribution licensees have mentioned in their written representations that the National Electricity Policy states that the surcharge is to compensate them for the loss of cross-subsidy element built into the tariff and the reduction of surcharge has to follow the progressive reduction of cross-subsidy as per the Act. The Commission is legally required to ensure that the surcharge meets the level of cross- subsidy. The embedded cost approach is the most appropriate method to determine the cross- subsidy.

Sri. P. Thimma Reddy, expressed the opinion that embedded cost approach is most suitable.

Sri. K.P Rao expressed the view that the embedded cost methodology is consistent with the Commission's basic approach to tariff-setting and suggested the adoption of the same approach in determining the cross- subsidy surcharge. Sri. B.V Raghavulu and Sri. Venugopala Rao, have submitted that the cross-subsidy should be fixed on the same principles on which the cost of supply and cross-subsidy are arrived at in the Commission's Tariff Orders i.e. on the basis of the embedded cost methodology. The Commission cannot adopt a different approach to determine the cross-subsidy surcharge.

Government of Andhra Pradesh (hereinafter, GoAP or the State Government) in their written response to the Commission have informed that the Government would not be in a position to increase the level of subsidy from what is provided

in the Tariff Order and represented that the cross-subsidy surcharge should be computed using the same methodology as used by the Commission to determine the level of cross-subsidies in its Tariff Orders.

#### **4.2 Commission's analysis**

As can be observed from the above, the private power developers have advocated the adoption of marginal/avoided cost methodology with slight modification of factoring in the fixed cost of a new generating station in the power purchase cost for determining the cost of supply to a particular consumer category. The distribution licensees, GoAP and the consumer groups / activists, on the other hand, have pointed out that since the Commission is adopting the Embedded Cost Approach while determining the cross-subsidies and the cost-to-serve in its Tariff Orders, the determination of the surcharge to meet the current level of cross-subsidy has necessarily to be consistent with this Approach.

It is true that the Commission has consistently been adopting the Embedded Cost Approach since its very first Tariff Order for FY 2000-01 issued on 27-05-2000 for determining the cost of supply for particular consumer categories and for tariff fixation and identification of cross-subsidy.

The avoided cost methodology is an attempt to estimate the cost of power procurement for supply to the eligible open access consumers based on certain assumptions. In the absence of data on real-time costs, the current level of cross-subsidy as envisaged in the Act may not be possible to be captured accurately under the Avoided Cost methodology.

While taking note of the different perceptions as regards the methodology for determination of cross-subsidy surcharge, the Commission is of the opinion that Embedded Cost Approach is the most appropriate approach since the embedded accounting costs are actually used to allocate costs to various consumer categories and to determine the current level of cross-subsidy. As of now, therefore, the embedded cost model used for determining the tariffs is undoubtedly the best methodology for determining the current level of cross-subsidy and accordingly the cross-subsidy surcharge.

## **5. Computation of surcharge**

### **5.1 Views and comments received**

Sri. Gopal Choudhary, the learned Advocate, appearing for the Small Hydro Power Developers Association, M/s. RVK Energy (P) Ltd and M/s. Jyothi Bio-energy Ltd., has made elaborate pleadings before us. He contends that surcharge should not be treated as compensation. The overall scheme of the Act envisages introduction of Open Access and also elimination of cross-subsidies. Thus, the (cross- subsidy) surcharge should not have the effect of inhibiting Open Access, and the ability of an open access consumer to bear the burden of cross-subsidy has to be considered while determining the surcharge. He made a reference to the National Electricity Policy and said that the Regulatory Commissions are duty bound to promote Open Access and stressed that level -playing field is a pre-requisite to foster competition. He contended that the level- playing field can be achieved only through Government subsidy. He objected to the mention of FOIR in the Consultative Paper on the ground that his clients are not aware of any consultation made by FOIR in arriving at its conclusions.

Apart from the oral submissions, the private power developers in their written responses have submitted that it would not be correct to assume or interpret the Electricity Act 2003 as requiring that the cross-subsidy surcharge is to be to the extent of, or equal to, the cross-subsidy to be provided by a subsidising consumer. The Act merely requires that a surcharge may be specified for availing of open access and that the amounts so collected are to be utilised for making the current level of cross-subsidy. The surcharge may be different from the cross-subsidy of any subsidising consumer or any class of them.

In their written representation, M/s. Andhra Sugars, a consumer, have stated that high level of cross- subsidy will eliminate competition, which the Act intends to foster. They also sought special consideration in fixing the surcharge for power intensive industries, which use power as raw material.

Sri. B.V Raghavulu and Sri. Venugopala Rao, have submitted that the Commission is mandated only to introduce Open Access and not to encourage

open access supplier of power to wean away the cross-subsidising consumers of distribution licensee. The Commission should not concern itself too much with encouraging competition in generation and consumer choice since open markets and competition imply no Regulation. If it does take on this responsibility, it has to ensure that Open Access Generators cost of generation should be competitive with the distribution licensees generation (power purchase) cost. The State Government should be informed of the adverse impact of reduction of cross-subsidy, and its (Government's) views elicited before fixing the cross- subsidy surcharge and Additional surcharge.

The GoAP in its written submission to the Commission stated that it would not be in a position to increase the level of subsidy from what is provided in the Tariff Order and represented that the cross-subsidy surcharge should be computed based on the embedded cost because this has been the methodology adopted by the Commission for tariff -setting.

## **5.2 Commission's analysis**

The Commission taking note of the contrasting view-points is of the view that competition in supply has different dimensions and is not merely a resultant of the surcharge.

In a dynamic sense, cross-subsidy surcharge and tariffs are interlinked and the extent of surcharge must relate to the tariff-cross subsidy relationship. In this context, the Commission draws attention to its philosophy, as reflected in its Tariff Orders, of aligning tariffs with the cost-to-serve of the respective consumer categories. As tariffs thus get realigned, the requirement of cross-subsidy automatically gets reduced as observed in the tariff setting process over the last few years.

Thus the current levels of cross-subsidy get reduced over a period of time along with the rationalization of tariffs, thereby providing a basis for competition. The Commission therefore decides to set the surcharge at the current levels of cross- subsidy.



## 6. Applicability of cross-subsidy surcharge on the existing users of wheeling facility:

### 6.1 Views and comments received

Sri. K.Raghu, stated that the Consultative Paper is silent on the treatment of consumers using wheeling facility under existing agreements and insisted that they should also be subjected to the cross-subsidy surcharge with effect from 10-06-2003, the date on which the Act came into force. He also pleaded for freedom to distribution licensees to offer competitive tariffs to retain the Open Access eligible consumers within their fold, or the Commission may treat them as a separate category and fix separate tariffs for them.

M/s. Andhra Sugars have requested to allow the consumers presently availing supply from generating companies to continue to do so as per the existing agreements as they do not come under the category of Open Access consumers.

### 6.2 Commission's analysis

The Commission likes to point out in this regard that the Ministry of Power, Government of India, in exercise of powers under Section 183 of the Electricity Act 2003, has notified, on 8.6.2005 vide SO.789 (E), the Electricity (Removal of Difficulties) second Order 2005, effective from 10<sup>th</sup> June, 2003, the operative provisions whereof read as follows:

*Exemption from payment of surcharge on the sale or supply of electricity: -*

*No surcharge would be required to be paid, in terms of sub-section (2) of section 42 of the Act on the electricity being sold by the generating companies with consent of the competent government under clause (c) of sub-section (1) of section 43A of the Electricity (supply) Act, 1948 (now repealed by the Act), and on the electricity being supplied by the distribution licensee on the authorization by the State Government under section 27 of the Indian Electricity Act, 1910 (now repealed by the Act), till the current validity of such consent or authorizations.*

As such, it is beyond the competence of the Commission to levy the cross-subsidy surcharge on those covered by the aforementioned Order of the

Government of India. The Commission, however, clarifies that such consumers shall be liable to pay the applicable surcharge on their ceasing to be covered by the aforementioned Order.

The Commission expects the Distribution Licensees to take appropriate action as per Law in respect of such users of wheeling facility.

## **7. Impact of load factor on surcharge estimation**

### **7.1 Views and comments received:**

Sri. Gopal Choudary, the learned Advocate, representing the Small Hydro Power Developers Association, M/s. RVK Energy (P) Ltd and M/s. Jyothi Bio-energy Ltd., stressed upon the relevance of load factor in determination of costs and cross-subsidy. He seriously contested certain figures pertaining to the average tariff of 132 KV consumers of a distribution licensee as depicted in the Consultative Paper and stated that such abnormal figures may lead to wrong decisions.

Sri. Keshava Rao, representing Hindustan Zinc Ltd., cited the provisions of National Electricity Policy, which stipulates that the surcharge should not be so onerous as to discourage Open Access. He pointed out that the Retail Supply Tariff of 132 KV consumer as mentioned in the Consultative Paper is higher compared to distribution licensee's tariff of Rs.3.25 inclusive of demand charges and incentives leading to computation of higher level of cross-subsidy at 132 KV supply. He pleaded that power incentive industries cannot afford such levels of surcharge.

Sri. K. Raghu also requested to consider the load factor too, apart from the voltage levels of respective consumer categories.

### **7.2 Commission's analysis**

The Commission is aware of the importance of load factor in determination of costs that are allocated to a particular category of consumers (i.e. the category cost of supply) and the resultant impact on the computation of cross-subsidy. The Commission, however, notes that the impact of load factor of a consumer category gets sufficiently reflected in the average revenue realisation from that category on the basis of which has the category-wise quantum of cross-subsidy

is derived in the Tariff Orders. Accordingly, therefore the impact of the load factors would equally get reflected in the cross-subsidy surcharge determined on the embedded cost methodology. Further, since the quantum of cross-subsidy is determined treating an entire category as a separate class, the surcharge has also to be determined category-wise.

Further, the contention also appears that the load factor should be user specific, i.e., distinct for each consumer. However, if one were to rely on the individual load factors, then the cross-subsidy and consequently the surcharge will be different for each individual consumer. Likewise, if one were to consider such variables at individual consumer level, even the cost of supply and therefore the tariff for each consumer will be different and can be taken care of only with competition at retail level wherein the tariffs are not fixed for a class of consumers but the buyers strike individual supply contracts with the competing suppliers. Hence, determining the cross-subsidy surcharge on a case-to-case basis for the present at least, is not a practical proposition.

## **8. Applicability of inter-State expenses on intra-State transmission charges**

### **8.1 Views and comments received**

Sri. Gopal Choudary, the learned Advocate representing the Small Hydro Power Developers Association, M/s. RVK Energy (P) Ltd and M/s. Jyothi Bio-energy Ltd pointed out that the network costs have not been segregated, voltage-wise. Further, the inter-state transmission charges should not be included in intra State transmission charges. This matter is not covered by the Open Access Regulation in spite of the issue finding a mention in paragraph 345 of the Tariff Order for 2005-06.

### **8.2 Commission's analysis**

The Commission finds that the issue of inclusion or exclusion of inter-State transmission charges from the intra-State transmission charges is more of an issue to be concerned with transmission tariffs and will be duly examined while specifying the terms and conditions of transmission tariffs.

On the issue of voltage-wise network costs, the Commission believes that till the availability of reliable data in detail, it will be best to continue with the aggregate data currently available. This decision of the Commission however, should not be construed to mean as to exclude for all times, the adoption by the

Commission of the voltage-wise network costs in future when the licensees are able to maintain and submit voltage-wise network costs.

## **9. Costs involved in introduction of Open Access**

### **9.1 Views and comments received**

Sri. P.Thimma Reddy and Sri K.P. Rao, demanded that additional costs involved in the introduction of open access for metering, billing, software costs, etc., should be loaded only on to the Open Access users and not passed on to other consumers of the distribution licensees.

### **9.2 Commission's analysis**

The Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions of Open Access) Regulation, 2005, clearly specifies that the cost of metering will be borne by the open access user.

The software costs for implementing the billing and settlement code form part of the SLDC (State Load Despatch Centre) charges. This aspect will be kept in view by the Commission while determining the SLDC charges payable by Open access users.

## **10. Elimination of cross-subsidy surcharge**

### **10.1 Views and comments received**

M/s Andhra Sugars Ltd. have submitted that the cross-subsidy surcharge should be eliminated within a period of five years.

Sri. P.Thimma Reddy, expressed the opinion that any plan for phasing out the cross-subsidy surcharge should have a category- wise impact analysis and strategy to overcome difficulties.

### **10.2 Commission's analysis**

Elimination of cross-subsidy surcharge does not fall within the scope of the present proceedings. Further, the Tariff Policy is yet to be issued by the Central Government. Commission will initiate separate proceedings on the matter in due course.

## **11. Levy of Additional Surcharge to meet the fixed cost of the distribution licensee.**

The other important matter to be decided is the liability of a consumer permitted to receive supply of electricity from a person other than the distribution licensee



of his area of supply for payment of an additional surcharge under Section 42(4) of the Act to meet the fixed cost of such distribution licensee arising out of his obligation to supply.

#### **11.1. Views and comments received**

M/s. RVK Energy (P) Ltd, have submitted that the principles for recovery of additional surcharge should be specified clearly. The levy of additional surcharge should be limited to one year only as the determination of tariffs and subsidy is an annual exercise.

Sri. K.Raghu requested for initiation of a consultation process for determination of the additional surcharge

#### **11.2 Commission's analysis**

In the embedded cost methodology of fixing the tariffs, the fixed costs are passed on to the consumers through Demand charges, or through energy charges for certain categories for which no fixed/ demand charges are specified. Under the circumstances, the Commission considers it just and equitable to specify the additional surcharge for all those, irrespective of their consumer category, seeking Open Access linked to the demand charges as applicable to the H.T. Category I- (A) Industry General.

This additional surcharge shall be payable by the consumer allowed open access for a period of three months only from the date on which the open access has commenced, at the rate of the demand charge for H.T. Category I (A) Industry-General applicable in the Tariff Order of the relevant year.

#### **12. Conclusion**

For all the above reasons, the Commission decides as follows:-

- (1) The embedded cost methodology shall be the basis for determining cross-subsidy surcharge
- (2) The surcharge for the year 2005-06 shall be equivalent to the cross-subsidy estimated in the Tariff Order for FY2005-06 for the respective consumer categories. The rates for cross-subsidy surcharge for FY2005-06 as applicable to consumers availing open access at different voltage in the areas of supply of respective distribution licensee are given in Annexure-II.

- (3) To encourage renewable energy sources, a relief of 50 percent on surcharge shall be provided to consumers availing of open access from non-conventional energy projects located within the State of Andhra Pradesh.
- (4) Additional surcharge shall be payable by the consumer allowed open access for a period of three months only from the date on which the open access has commenced at the rate of the demand charge for H.T. Category I (A) Industry-General applicable in the Tariff Order of the relevant year.

**This Order is corrected and signed this 21<sup>st</sup> day of September 2005**

Sd/-	Sd/-	Sd/-
(SURINDER PAL)	(K. SREERAMA MURTHY)	(K.SWAMINATHAN)
MEMBER	MEMBER	CHAIRMAN

**CERTIFIED COPY**

**ANNEXURE-I****A- Individuals/organisation who furnished written comments to the Consultative Paper**

<b>S.No.</b>	<b>Name &amp; Address</b>	<b>Representing</b>
1	Sri B.V.Raghavulu, Secretary, A.P.State Committee, Communist Party of India (Marxist), M.B.Bhavan, 1-1-60/2, RTC X Roads, Hyderabad - 500 020	A political party, CPI (M)
2	M/s Small Hydro Power Developers Association, 6-3-347/17/5, Dwarakapuri Colony, Punjugutta, Hyderabad - 500 082	Private Hydro Power Developer
3	Sri M.Thimma Reddy, Convenor, People's Monitoring Group on Electricity Regulation, C/o Centre for Environment Concerns, 3-4-142/6, Barkatpura, Hyderabad - 27	Consumer Rights Activist
4	Sri M.Venugopala Rao, Special Correspondent, Prajasakthi Telugu Daily 3-7-105, Indira Nagar, Ramanthapur, Hyderabad	Journalist and Consumer Rights Activist
5	Sri K.P.Rao, IDAS, Rtd, Formerly Member (E&C), CEA, and also Member (Finance), Telecom Commission and Secretary to Government of India, A- 1, Arsh Glory Apartments, East Marredpally, Secunderabad	Individual
6	Sri K.Raghu, 5-9-22/19, Adarsh Nagar, Hyderabad - 63	Individual
7	Sri D.K.Ghosh, General Manager, Hindustan Zinc Ltd., Zinc Smelter P.O., Visakhapatnam - 530 015	HT Consumer
8	Sri N.Padma Rao, Executive Director, Jyoti Bio-Energy Ltd., 307, Liberty Plaza, Basheerbagh, Hyderabad - 500029	Private Power Developer
9	M/s RVK Energy Pvt. Ltd., 6-3-1110, 11 & 12, Amrutha Mall, Somajiguda, Hyderabad - 500 016	Private Power Developer
10	Sri K.Madhusudan, Chairman & Managing Director, Sree Rayalseema Green Energy Ltd., 1-10-19, Street No.3, Ashok Nagar, Hyderabad - 500 020	Private Power Developer

S.No.	Name & Address	Representing
11	M/s Sudha Agro Oil and Chemical Industries, Post Box No.9, Samarlakota - 533 440 East Godavari District.	HT Consumer & Private Power Developer
12	M/s The Andhra Sugars Ltd., Venkatarayapuram, TANUKU -534 125	HT Consumer & Private Power Developer
13	Central Power Distribution Company of A.P.Ltd. Hyderabad	Distribution Licensee
14	Eastern Power Distribution Company of A.P.Ltd. Visakhapatnam	Distribution Licensee
15	Northern Power Distribution Company of A.P.Ltd. Warangal	Distribution Licensee
16	Southern Power Distribution Company of A.P.Ltd. Tirupati	Distribution Licensee
17	Principal Secretary to Government. Energy Department, A.P.Secretariat, Hyderabad	State Government

**B - Individuals / Organisations who made oral submissions before the Commission during the Public Hearing held on 11-08-2005**

S.No.	Name & Address	Representing
1	Sri K.Gopala Choudary, Advocate, C-13/2, Sainikpuri, Secunderabad - 50094 on behalf of : 1. M/s Small Hydro Power Developers Association, 6-3-347/17/5, Dwarakapuri Colony, Punjagutta, Hyderabad - 500 082  2. Jyoti Bio-Energy Ltd., 307, Liberty Plaza, Basheerbagh, Hyderabad - 500029  3. M/s RVK Energy Pvt. Ltd., 6-3-1110, 11 & 12, Amrutha Mall, Somajiguda, Hyderabad - 500 016	Private Power Developer



S.No.	Name & Address	Representing
2	Sri M.Thimma Reddy, Convenor, People's Monitoring Group on Electricity Regulation, C/o Centre for Environment Concerns, 3-4-142/6, Barkatpura, Hyderabad 27	Consumer Rights Activist
3	Sri K.P.Rao, IDAS, Rtd, Formerly Member (E&C),CEA, and also Member (Finance), Telecom Commission and Secretary to Government of India A-1, Arsh Glory Apartments, East Marredpally, Secunderabad	Individual
4	Sri K.Raghu, 5-9-22/19, Adarsh Nagar, Hyderabad 63	Individual
5	Sri D.K.Kesava Rao Hindustan Zinc Ltd., Zinc Smelter P.O., Visakhapatnam - 530 015	HT Consumer
6	Sri K.Madhusudan, Chairman & Managing Director, Sree Rayalseema Green Energy Ltd.,Hyderabad , 1-10-19, Street No.3, Ashok Nagar, Hyderabad - 500 020	Private Power Developer
7	Sri Santosh Kamat, Central Power Distribution Company of A.P.Ltd. Hyderabad	Distribution Licensees

**ANNEXURE II**  
**Distribution licensee-wise cross-subsidy surcharge for FY 2005-06**  
**Northern Power Distribution Company of A.P. Ltd. (NPDCL)**

<b>LT</b>			
Category	Cost of Service in Rs./ kWh	Expected Average Revenue in Rs./ kWh	Cross Subsidy Surcharge leviable in Rs. / kWh
Category II - Non-Domestic	4.39	5.59	1.20
Category III Industrial	4.26	4.47	0.21
Category VII - General Purpose	3.84	4.00	0.16
<b>HT</b>			
Category I (A), Industrial - General			
132 kV	2.53	3.82	1.29
33 kV	2.53	4.12	1.59
11 kV	2.53	4.31	1.78
Category II - Other than Industrial	2.95	5.57	2.62
Category V - Railway Traction	3.23	4.40	1.17
Category VI - Residential Colonies	3.39	3.50	0.11

**Eastern Power Distribution Company of A.P. Ltd. (APEPDCL)**

<b>LT</b>			
Category	Cost of Service in Rs./ kWh	Expected Average Revenue Rs./ kWh	Cross Subsidy Surcharge leviable in Rs. / kWh
Category II - Non-Domestic	3.61	5.67	2.06
Category III - Industrial	2.84	4.10	1.26
Category VII - General Purpose	3.51	4.00	0.49
<b>HT</b>			
Category I (A), Industrial - General			
132 kV	2.17	4.24	2.07
33 kV	2.17	3.79	1.62
11 kV	2.17	4.23	2.06
Category II - Other than Industrial	2.54	5.33	2.79
Category V - Railway Traction	2.72	4.40	1.68
Category VI - Residential Colonies	2.99	3.50	0.51

**Southern Power Distribution Company of A.P. Ltd. (APSPDCL)**

<b>LT</b>			
Category	Cost of Service in Rs./ kWh	Expected Average Revenue in Rs./ kWh	Cross Subsidy Surcharge leviable in Rs. / kWh
Category II - Non-Domestic	4.01	5.67	1.66
Category III - Industrial	3.06	3.39	0.33
Category VII - General Purpose	3.83	4.00	0.17
<b>HT</b>			
Category I (A), Industrial - General			
132 kV	2.53	4.03	1.50
33 kV	2.53	3.85	1.32
11 kV	2.53	4.01	1.48
Category II - Other than Industrial	2.84	5.26	2.42
Category V - Railway Traction	3.09	4.40	1.31
Category VI - Residential Colonies	3.23	3.50	0.27

**Central Power Distribution Company of A.P. Ltd.(APCPDCL)**

<b>LT</b>			
Category	Cost of Service in Rs./ kWh	Expected Average Revenue in Rs./ kWh	Cross Subsidy Surcharge leviable in Rs. / kWh
Category II - Non-Domestic	3.87	5.81	1.94
Category III - Industrial	3.09	4.39	1.30
Category VII - General Purpose	3.79	4.00	0.21
<b>HT</b>			
Category I (A), Industrial - General			
132 kV	2.42	3.91	1.49
33 kV	2.42	3.84	1.42
11 kV	2.42	4.04	1.62
Category II - Other than Industrial	2.72	5.33	2.61
Category V - Railway Traction	3.00	4.40	1.40