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(Regd.No: 1185 of 1977)

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To
The Commission Secretary,
APERC,
Red Hills,
Hyderabad.

Vijayawada,
Dt:21-10-2017

Respected Sir,

Sub:- APSEBAEA – Objections in the matter of permission to procure power from M/s LANCO Power Ltd., and M/s Spectrum power generation ltd., – Submitted – Regarding.

As per the memo filed by APDISCOMs the unit cost of M/s Lanco is Rs 3.55 with 40% PLF and for M/s Spectrum Rs 3.23 with 55% PLF. By allowing generation from M/s Lanco and M/s SPGL the net incremental generation is around 100MW which means 72MU/month and 432MU for 6months Discoms said. Then the procurement of 432MU Discoms should pay the minimum cost Rs 246.67Cr as shown

	FC(6Months)	VC(6Months)	Total Cost
M/s Lanco (40% PLF)	88.80Cr	101.95Cr	246.67Cr
M/s SPGL (55%PLF)	55.92Cr	(Rs 2.36 avg)	

From the above unit cost is around Rs 5.7 (Discoms should pay minimum Rs 246.67Cr for 432MU). If the generation is less than the mentioned %PLF then unit cost will be increased.

As per the data given in the memo filed Discoms purchased 579.93MU from power exchange in the period April 2017 – Aug 2017. Total cost paid by Discoms for 579.93MU is as shown

Month	Energy Purchased MU	Average Cost	Total Cost
Apr-17	178.54	3.76	67.13
May-17	110.53	3.64	40.23
Jun-17	91.07	3.44	31.33
July-17	127.92	3.49	44.64
Aug-17	71.87	4.04	29.04
Total	579.93		212.37

From the above unit cost is around Rs 3.66. Then how the power procurement from M/s Lanco & M/s SPGL is economic and benefit to the consumer or Discoms?.

In the above said period nearly 1500MU was in Backdown only from APGENCO plants with lower unit cost. Why 579.93MU was purchased from Power Exchange though there is more than 1500MU(from both Thermal and Hydel) available, and why that 432MU from M/s Lanco & M/s SPGL is planning to buy with 246.67Cr.

In grid stability and availability point of view , gas plant is fast response though there are some constraints . Gas allocation is made by GAIL on every day evening for the next day so how the plant load will be increased on load demand, for backdown also should take permission from GAIL for unutilized gas diversion. Means once gas allocation has been done for the particular day there is no chance of increasing/decreasing the load in considerable range like Coal fuel power plants.

Any thermal(gas or coal) plant will generate power at optimal price when operating with rated parameters only. If the plant is running at lower load means half load or less than the full load unit generation cost will be increased considerably. Same way with full gas allocation GGPP is running at full load giving power at lower cost. For giving gas to M/s Lanco & M/s SPGL, gas allocation for GGPP has been reduced means unit cost increased and with lower gas allocation M/s Lanco & M/s SPGL also can't produce the power at above said prices.

For financial year 2017-18 nearly 12,000MU and for 2018-19 nearly 17,000MU surplus energy will be available. In this situation there is no need to procure power from M/s LANCO Power Ltd., Kondapalli and M/s SPGL unless levying excess burden on the consumers. Instead of paying this amount unnecessarily to M/s LANCO & M/s SPGL in this power surplus scenario, Discoms can buyout the same, which would be more benefit to the consumers.

Hence, APSEBAEA is requesting the Hon'ble commission to consider the views and disallow to procure power from M/s Lanco & M/s SPGL for doing favour to the consumers.

Thanking you and assuring you of our co-operation at all times.

Yours sincerely,



S.Prathap
Technical Secretary
APSEBAEA