

ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

From

Secretary / APERC,
#11-4-660, 4th Floor,
Singareni Bhavan, Red Hills,
Hyderabad -500 004

To

The Chairman & Managing Director,
APCPDCL, Hyderabad.

The Chairman & Managing Director,
APEPDCL, Vishakapatnam.

The Chairman & Managing Director,
APNPDCL, Warangal.

The Chairman & Managing Director,
APSPDCL, Tirupati.

Lr.No. APERC/E- 205/DD-Dist/2009 dated 22 - 12-2009

Sir,

Sub: - APERC – Load Factor Incentive Calculation- Excess incentives allowed than entitlement – Recovery -regarding.

Ref: Tariff Orders 2001-02 to 2008-09

While examining the Load Factor incentive data, the Commission observed that the DISCOMs have given incentives for Load factors of more than 100% to industrial consumers.

The Load Factor of any consumer can be theoretically unity. In practice it should always be less than unity. The Commission observed that the Distribution companies are giving Load Factor incentives with a load factor of more than 100%, which is practically not possible.

Theoretically, to achieve 100% Load Factor, the power supply should be made available through out the month and the consumer should consume full allocated demand through out the month. In ideal case, the DISCOMs may provide continuous power supply to consumers. But the Consumers cannot maintain full load through out the month, as the load always keep on changing and it is the nature of electrical load. It is not known, how the DISCOMs allowed incentives for energy consumption of more than 100% Load Factor. It is clear that there is no technical scrutiny before issuing the bills.

The meter cannot distinguish or identify the power supply source from which it is recording i.e., whether the power is coming from other sources or from DISCOMs. As per the Load Factor incentive calculations, the Load Factor of DISCOM supply totally depends on quantity of energy and demands that is being allocated to the consumer from other sources. If the energy allocation from other sources is less and not in proportion to their respective demands, the DISCOM Load Factor would be higher than over all Load Factor. If energy allocation from other sources is less means, more energy is drawn from DISCOM and hence the DISCOM Load Factor would be more. This clearly indicates that the DISCOM Load Factor depends on the energy split in between DISCOM supply and supply from other source.

In this connection, the Licensees;

- i) Are directed to use the overall Load Factor as guidance for giving incentives. The DISCOMs shall limit the Load Factor incentive to the extent of Overall load factor or actual load factor whichever is less and to back bill wherever the DISCOMs have paid incentives wrongly in excess of entitlement by considering higher DISCOM Load Factor than Overall load Factor.
- ii) Shall conduct technical scrutiny before issuing the HT bills by officers not below the rank of Divisional Engineer.
- iii) Shall submit a monthly return on the progress made in recovering the amounts.



Yours faithfully,

**SECRETARY
SECRETARY**

**A.P. Electricity Regulatory Commission
Hyderabad.**