

ALL INDIA POWER ENGINEERS FEDERATION



(REGISTERED UNDER SOCIETIES ACT XXI of 1860), Regd. No. 24085/93

REGD HEAD OFFICE B-1A/45A, Janakpuri, New-Delhi-10058

Corres. Address of CHAIRMAN-Hydel Field Hostel, 17 Rana Pratap Marg Lucknow-226001

M: 09415006225 Phone : 0522-4107706(Off), FAX:0522-2205417/0522-4079628

Email : ersdubey@yahoo.com /: ersdubeylko@gmail.com & chairmanaipef@gmail.com

No.08/SDSTPS Privatization

12-02-2022

Hon'ble Chief Minister
Govt. of Andhra Pradesh,
Blok No.1, AP Secretariat,
Velagapudi, Amaravathi, Guntur-522237

Sub: NCCOEEE – Andhra Pradesh – APPDCL/APGENCO - SDSTPS Stage-I (2x800 MW) & Stage-II (1x800 MW) - Cabinet Decision for “**Handing over of Operation & Maintenance along with Transfer of Assets of Project for 25 years to capable other companies on Bidding Basis**” – Requesting to withdraw the Cabinet Decision - Reg.

- Ref:** 1. D.O.Lr.No.08/CM-Addl.Secy/2021, Dt.06-02-2021.
2. D.O.Lr.No.08/CM-Addl.Secy/2021, Dt.09-03-2021.
3. Govt. of A.P Cabinet decision on 21-Jan-2022.
4. APSPE JAC's Agitational Notice, Dt.28.01.2022.

Respected Sir,

All India Power Engineers Federation (AIPEF) is National Federation of All Power Engineers, working in all the States & Union Territories in India. AIPEF is strongly opposing the Privatization moves in Power Utilities of States & Union Territories.

2. We heard about your good self that in the References 1 & 2, Govt. of A.P under your able leadership has taken an unanimous decision to oppose the Central Govt move to Privatize Vizag Steel Plant (RINL) by the way of 100% stake disinvestment and taken proactive steps like conveying all Party delegations along with the Unions/Associations to Delhi and cherishing “**Visakha Ukku - Andhrula Hakku**”.

3. It is learnt that the cabinet of Govt. of A.P has taken a decision vide ref. (3) cited, to “**Hand over the Operation & Maintenance (O&M) of Sri Damodaram Sanjeevaiah Thermal Power Station Stage-I (2x800 MW) & Stage-II (1x800 MW) for 25 years to capable other companies along with Transfer of Assets**” by comparing with the variable cost of adjacent private power project (TPCL) & keeping in view of the losses have been incurred. At present, the SDSTPS is under the control of Andhra Pradesh Power Development Corporation Limited (APPDCL) and APPDCL is a subsidiary to APGENCO. The Stage-I units (2x800

MW) of SDSTPS are in operation for the last 7 years and 3rd unit of SDSTPS is ready for the Declaration of Commercial Operation. At this juncture, the handing over of O&M of SDSTPS along with Transfer of Assets to the 3rd party seems that Privatization of the Project of APPDCL/APGENCO, which is contrary to the spirit of Govt. of A.P expressed in your earlier actions of **Vizag Steel Plant**.

4. The Cabinet has stated that the variable cost of Rs 3.14/kWh of SDSTPS is high as compared with the variable cost of Rs.2.34/kWh of adjacent private power plant (TPCL). But, this type of comparison is not at all justifiable as most of the IPPs came under DBFOO mode by competitive Case-1 bidding with the following provision in the CERC Regulations.

The CERC Regulation for DBFOO competitive bidding process stated that *“The Bid for the Project shall, therefore, comprise the Fixed Charge and Fuel Charge, which shall be specified separately, and the Bidder seeking the lowest Tariff shall be the Selected Bidder. **The Base Fixed Charge shall not be more than 70% of the Tariff and the Base Fuel Charge shall not be more than 50% of the Tariff**”*.

As per the CERC regulation for DBFOO competitive bidding generators can show the fixed cost up to 70% of their total per unit cost and they can show the maximum variable cost up to 50% of their per unit cost. Whereas SDSTPS, as per Sec 62 (a) and Sec 64 (3) of Electricity Act 2003, the Hon'ble APERC determined the project cost for an amount of Rs.10761.40 Cr and approved the O&M Cost/MW as per the CERC Tariff Regulations 2014-19 to fix the fixed charges and approved provisional variable cost of Rs.3.14/kWh for the FY 2021-22. Accordingly, the fixed cost of SDSTPS at 85% PLF would be Rs.1.50/kWh, thereby the total unit cost would be Rs.4.64/kWh (Rs.3.14+Rs.1.50). But, the actual total unit cost @ 85% PLF would be Rs.4.40/kWh (Rs.2.90+Rs.1.50) by considering the average variable cost of Rs.2.90/kWh in the FY 2021-22. **The same can be shown as fixed cost of Rs.2.20/kWh and variable cost of Rs.2.20/kWh with the CERC Regulation of DBFOO competitive bidding process.**

5. Hence, it is not correct to compare the two different tariffs, determined with different Regulations. The LC mechanism (advance payment mechanism), low scheduling (backing down) will impact the variable cost and also the variable cost will vary from generator to generator based on designed parameters. At present there is no LC mechanism to SDSTPS. **So, if the LC mechanism is arranged to SDSTPS, the variable cost can be reduced by maintaining the sufficient coal stocks and also will run the units at no loss by maintaining the required normative Availability.**

6. As regards the accumulated losses around Rs.6000 Cr (including losses in Project Cost), Rs.3000 Cr losses are incurred due to pending payments up to certain period and then payments also not made in the stipulated time from APDISCOMs as per PPA and balance Rs.3000 Cr losses are incurred due to

delay in completion of the project. However, the accumulated losses also can be met by continuing the existing man MW ratio, with the benefit in the Equity and entering PPA for 100% installed capacity instead of 90%.

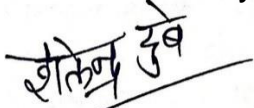
7. Further, it is to inform that the State owned thermal generators are co-operating in stabilizing the state grids within 1 to 2 time blocks only. Whereas the CGS & IPPs are taking 6 time blocks. Hence, Andhra Pradesh State owned thermal installed capacity of 6610 MW (5010 MW in service and 1600 MW ready for commissioning) should be with APGENCO/APPDCL only. Otherwise the influence of the private players will increase in the state power sector and will impact the welfare of the state.

8. Further it is learnt that AP Energy Dept officials are misleading your good self in many aspects like over dependency of Market Power Purchases, backing down/RSD of APGENCO units and procuring higher cost power in the Markets and **also several inhumane attitude towards employees like British Rule, Filing of False Police & DC Cases on Electricity Employees, deliberate stoppage of Salaries to APGENCO Employees, deliberate stoppage of Promotions & SGP increments in APTRANSCO, forced transfer of office bearers, withdrawal of privileges to Unions/Associations, denying Appointments to the Recognized Unions/Associations by CMD/APTRANSCO for last one and half year.**

9. In view of the above, we request your good self to withdraw the cabinet decision for **Handing over of Operation & Maintenance along with Transfer of Assets of SDSTPS for 25 years to other companies on Bidding Basis** and any proactive/provocative steps on employees & engineers in AP Power Sector will be viewed seriously by the AIPEF and national level program shall be called on.

Thanking you sir,

Yours Sincerely



Shailendra Dubey

Chairman

CC:

1. Hon'ble Energy Minister, Govt of AP, Amrawathi.
2. Chief Secretary, Govt of AP, Amrawathi.
3. Principal Secretary, Energy, Govt of AP, Amrawathi.