



## ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

From

**Secretary / APERC,**  
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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 29 - 04-2009

Sir,

Sub: - APERC – Load Factor Incentive Calculation – Methodology.

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The Commission desires that all Discoms shall adopt a uniform procedure to calculate Load Factor incentive. The Commission approved a methodology for computation of Load Factor incentive and the DISCOMs are directed to follow the methodology furnished in the Annexure enclosed.

**Encl: Methodology for computation of Load Factor incentive.**

Yours faithfully,

  
**SECRETARY (FAO)**

## ANNEXURE

### Methodology for computation of Load Factor incentive:

1). 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. The Discoms are giving Load Factor incentives to indiscipline consumers who are exceeding the contracted demand and causing more burden on the system. The incentives should be given to disciplined consumers only.

2). The Commission examined the details of calculation of Load factor incentive adopted by DISCOMs and felt that it is necessary to streamline the procedure of Load Factor incentives calculations. The detailed methodology to calculate Load Factor incentive is furnished below.

- a) Load factor shall be calculated with respect to Contracted Demand only. Consumers who exceed the Contracted demand are not eligible for Load Factor incentive.
- b) In case of Consumer who has Contracted Demand with Licensee and other sources, the Load Factor shall be calculated considering the total recorded energy with respect to total Contracted Demand. Total contracted demand means contracted demand with Licensee plus demand with other sources. If the RMD is more than Total Contracted Demand, he shall not be given LF incentive.
- c) If the LF calculated in para 2(b), meets the specified limits mentioned in the Tariff Order, the demand consumed from Licensee shall be calculated as explained below.
- d) The demand consumed from the Licensee (out of the RMD) shall be calculated in proportion to energy drawn from the Licensee with respect to total recorded energy.

The demand consumed from the Licensee shall be calculated as follows

$$\text{Demand from Licensee} = \frac{\text{Units drawn from the Licensee} \times \text{RMD}}{\text{Total recorded units}}$$

If the demand calculated above is more than the contracted demand with the Licensee, the consumer is not eligible for Incentive.

- e) If the demand consumed from Licensee mentioned in 2(d) is  $\leq$  Contracted Demand with licensee, the LF incentive shall be given as per para 2(b).

  
29.6.2009  
SECRETARY (FAC)