

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Energy department - Policy framework for grant of Deemed Distribution License (DDL) to the eligible Strategic Data Center(s) in the State of Andhra Pradesh - Approval Granted – Orders - Issued.

ENERGY (POWER-II) DEPARTMENT

G.O.Ms.No.32,

Dated:22.04.2026.

Read:

Letter from the Member Convenor, APPCC, Lr.No. MC(APPCC)/CGM (PP& Legal)/DGM (SP &RA)/F. DDL-Data Center(s) s/ D.No 01/26, Dated.07-04-2026.

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ORDER :-

Andhra Pradesh possesses significant natural advantages for Data Center(s) including abundant and expanding renewable energy capacity particularly solar in the Anantapur–Kurnool belt and wind along the eastern coast along with the availability of contiguous land parcels at competitive prices, submarine cable landing infrastructure and port connectivity at Visakhapatnam, an established transmission network with surplus capacity in key corridors, and a proactive industrial and IT policy environment.

2. The Government of Andhra Pradesh is actively promoting Data Center(s) as a key growth sector, in view of their potential to attract high-value investments, generate employment and position the State as a digital infrastructure hub. Data Center(s) are characterized by large, continuous and quality-sensitive power requirements, along with a need for high reliability and redundancy of supply.

3. Data Center(s) constitute power-intensive, mission-critical infrastructure requiring highly reliable, uninterrupted, and scalable electricity supply, often at capacities of several hundred megawatts concentrated within clearly defined project boundaries. The scale, criticality, and reliability requirements of such loads increasingly exceed the scope of conventional HT consumer arrangements and necessitate dedicated power distribution and sourcing mechanisms.

4. Further, the procurement of power, and the development and maintenance of a power distribution network, are specialized activities for the entire Data Center(s). Therefore, it has become necessary to allow and facilitate Data Center(s) are under common management or control through appropriate agreement, possessing the requisite expertise, to obtain a distribution license for Data Center(s) already being developed or proposed to be developed in the state of Andhra Pradesh.

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5. In view of the enabling provisions of the Electricity Act, 2003; the Government of India (GoI) notification dated 03.03.2010 establishing the precedent for Deemed Distribution Licenses (DDL) for self-contained infrastructure projects; the existing APERC Distribution License Regulation No. 10 of 2013, which provides the procedural framework; and the urgent competitive need to position Andhra Pradesh as a preferred destination for hyperscale Data Center(s) investments, Government has decided to formulate a policy framework set out for grant of Deemed Distribution License to eligible strategic Data Center(s).

6. The Distribution of Electricity License (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) (Amendment) Rules, 2005 amended by Distribution of Electricity License (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) (Amendment) Rules, 2022 which were notified by the Ministry of Power, Government of India vide G.S.R. 690(E) dated 8th September, 2022 empower the Appropriate Government to notify an area as a “minimum area of supply” for the purpose of grant of a license for distribution of electricity within the same area in terms of sixth proviso to Section 14 of the Act.

7. Accordingly, the Government, after careful examination, hereby approve to recommend grant of Deemed Distribution License (DDL) to the eligible Strategic Data Center(s) in the State of Andhra Pradesh, subject to the following Terms of Reference (TOR):

(i) Eligibility

Data Center projects undertaken by a single developer or investor **with a minimum connected load of 300 MW** or above within the State of Andhra Pradesh. A single investor may aggregate connected load across multiple Data Center(s) locations within the State to meet the threshold.

(ii) Scope of License

Development, ownership, operation, and maintenance of internal electricity distribution infrastructure within the notified project boundary of the Data Center(s), which shall be considered as notified ‘minimum area’ as required under Electricity Rules, 2005. Supply shall be restricted exclusively to Data Center(s) loads within the licensed area. The DDL shall not supply power to any third-party consumer outside the license area approved by APERC.

(iii) Power Procurement

The DDL shall have freedom to procure power from any lawful source, including renewable energy generators through bilateral PPAs, open access, captive generating plants (including solar, wind, and hybrid with BESS), and power exchanges. The DDL shall be responsible for obtaining necessary connectivity (LTOA/MTOA) with CTU/STU as applicable and shall bear all transmission charges as per APERC/CERC-approved tariffs

where the State or inter-state transmission network is used. The DDL shall register with SLDC as a scheduled entity and comply with day-ahead scheduling and deviation settlement mechanism as per applicable CERC/APERC regulations.

(iv) Charges

Transmission charges shall be payable to APTRANSCO as per APERC-approved transmission tariff where the State transmission network is used. Wheeling charges shall not be applicable where the DDL uses its own distribution infrastructure within its license area. SLDC scheduling and system operation charges shall be payable as applicable. Any other charges shall be treated as per applicable regulatory provisions, as determined by APERC.

(v) Renewable Energy Obligation

The DDL shall ensure sourcing of a minimum of 51% of its total energy requirement on a certified basis from renewable energy sources. Compliance shall be achieved through any permissible route, including RE procurement through bilateral PPAs, captive RE generation, and/or RE certificates or green energy certification mechanisms as recognized by APERC or the competent authority.

(vi) Network and Interconnection

Interconnection infrastructure from the State transmission network to the DDL's License area shall be developed at the cost of the DDL. Design, protection coordination, and technical specifications of the interconnection shall be subject to prior approval of APTRANSCO or appropriate authority as case may be and shall comply with CEA (Technical Standards for Connectivity to the Grid) Regulations, 2007 and amendments thereto. Metering at the interface point shall be ABT-compliant, ToD-capable, with redundant metering (main and check meters) and telemetry to SLDC. The DDL's internal distribution network shall comply with CEA (Measures relating to Safety and Electric Supply) Regulations, 2023 and CEA (Technical Standards for Construction of Electrical Plants and Electric Lines) Regulations as applicable.

(vii) Reliability Standards and Grid Discipline

The DDL shall comply with APERC's Supply Code and Standards of Performance Regulations in its capacity as a distribution licensee. The DDL shall register as a State grid user with SLDC, comply with the AP Grid Code, and participate in deviation settlement mechanism as per applicable regulations. During grid emergencies, the DDL shall comply with all directions issued by SLDC or RLDC. The DDL shall submit quarterly reports to APERC on supply reliability, power quality, RE procurement compliance, and grid interaction parameters.

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(viii) DISCOM Safeguards

- (a) No Stranded Cost:** DDL status under this framework applies **exclusively to new green field data center(s)** which are already being developed or planned to be developed. No existing DISCOM Consumer shall be permitted to migrate DDL Status, unless taken on temporary basis till grant of license by APERC within License area. Accordingly, there is no stranded power purchase cost, no stranded distribution asset, and no revenue displacement from the existing consumer base of any DISCOM.
- (b) Standby Supply:** If the DDL requires standby or backup supply from the concerned DISCOM, such arrangement shall be governed by APERC's prevailing standby charge framework. The DDL shall enter into a standby agreement with the DISCOM specifying contracted standby demand, and standby charges shall be payable as per APERC Regulations.
- (c) Exit and Handover:** In the event the DDL ceases operations or surrenders its license, it shall provide a minimum of six months' prior notice to APERC and the concerned DISCOM along with transition plan and orderly handover. APERC may direct the concerned DISCOM to assume supply as last-resort supplier. The DDL shall maintain a performance security deposit, in the form of a bank guarantee equivalent to three months' estimated transmission charges, as may be prescribed by APERC.
- (d) Regulatory Compliance:** The DDL shall comply with all regulations, codes, and directions of APERC, SLDC, and RLDC as applicable to a distribution licensee. Any violation of license conditions may result in revocation of DDL status by APERC after due process.

8. The Member Convenor, AP Power Co-ordination Committee (APPCC), Vijayawada shall take further necessary action in the matter accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

K.VIJAYANAND
SPECIAL CHIEF SECRETARY TO GOVERNMENT (FAC)

To
The Member Convenor, AP Power Co-ordination Committee (APPCC),
Vijayawada.

Copy to
The Secretary to Hon'ble APERC, Kurnool.
The Chairman & Managing Director, APTRANSCO, Vijayawada.
The Managing Director, APGENCO, Vijayawada.

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The Chairman & Managing Director, APSPDCL, Tirupati.
The Chairman & Managing Director, APEPDCL, Visakhapatnam.
The Chairman & Managing Director, APCPDCL, Vijayawada.
The Vice Chairman & Managing Director, NREDCAP, Tadepalli, Guntur Dist.
The P.S to Secretary to Chief Minister.
The P.S. to Minister for Energy.
The P.S. to Chief Secretary to Government.
The G.A.(Cabinet) department.
The P.S to Spl. Chief Secretary to Govt., Energy dept.
SF/SCs (Computer No. 3207324)

//FORWARDED :: BY ORDER//

SECTION OFFICER