

TAMIL NADU ELECTRICITY REGULATORY COMMISSION
(Constituted under section 82 (1) of the Electricity Act, 2003)
(Central Act 36 of 2003)

PRESENT:

ThiruM.Chandrasekar

.... Chairman

and

ThiruK.Venkatasamy

.... Member (Legal)

M.P. No.2 of 2022

The Chief Engineer / PPP
Tamil Nadu Generation and Distribution
Corporation Limited
144, Anna Salai
Chennai – 600 002.

... Petitioner
Thiru. M. Gopinathan
Standing Counsel for TANGEDCO)

Date of hearing : 11-01-2022

Date of Order : 25-01-2022

The M.P.No.2 of 2022 came up for hearing on 11-01-2022. The Commission, upon perusal of the petition and connected records and after hearing the submissions of the petitioner hereby makes the following order:-

ORDER

1. Prayer of the Petitioner in M.P No. 2 of 2022:-

The prayer of the petitioner in this petition is to accord approval for the following:

1. To approve procurement of RTC power upto 1000 MW for the period from 01.03.2022 to 31.03.2022.
2. To deviate from the MoP guidelines for the following conditions
 - (i) deletion of payment security clause viz opening of Letter of Credit,
 - (ii) deletion of Contract Performance Guarantee clause
 - (iii) to release the BG/EMD after fulfilling the contractual obligations
 - (iv) to fix the validity of the tender 30 days from the date of e-Reverse Auction process (excluding the date of of e-RA).
 - (v) deletion of change in law clause
3. To float Tender No TANGEDCO/SHORT/PP-17-2022 for the procurement RTC power up to 1000 MW for the supply from 01.03.2022 to 31.03.2022 through e-Bidding portal (DEEP), as per the enclosed Tender Specification (RfP).
4. Pass any other order as the Commission may deem fit in the interest of justice in the facts and circumstances of the present case.

2. Facts of the Case :

2.1. The Grid Operation wing of SLDC has given indent for 1500 RTC power in March 2022. Based on that TANGEDCO is taking steps to procure 630 MW fresh swap arrangement (which is in process), 65 MW from swap return from BYPL and

400MW from MTOA/PTC totaling 1095 MW. Thus a deficit of 405 MW arises during March 2022 against the indent given by Grid Operation wing.

2.2. But the anticipated base demand is 15,500 MW and total availability is 14,247 MW which indicates the deficit of 1253 MW. Therefore, a short term tender (TANGEDCO/SHORT/PP17-2022) is proposed to be floated for the procurement up to 1000 MW RTC power from 01.03.2022 to 31.03.2022 in order to satisfy the base demand and to have less dependence on power exchanges. However TANGEDCO may procure power up to 400MW only and if the discovered rate in tender is reasonable and found less than the variable cost of TANGEDCO's procurement sources, TANGEDCO may purchase full quantum as indicated in the tender.

3. Contentions of the Petitioner:

3.1. The petitioner, Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO), incorporated under the Companies Act, 1956, and the successor entity of erstwhile Tamil Nadu Electricity Board engaged in the business of Generation, Distribution activities and a distribution licensee in the State of Tamil Nadu for the distribution of electricity to various categories of consumers in the State of Tamil Nadu and the electricity so required is availed from various sources such as its own generating stations, and purchase of power from various Central Generating Stations of its share, Independent Power Plants, Captive Power

Plants, Wind generators, Co-generation plants, Bio–mass plants, Merchant power plants, Power exchanges etc.

3.2. The all time high demand met by TANGEDCO and the all time high consumption in the State of Tamil Nadu is as below:-

a. All time high demand	16845.5 MW	10.04.2021
b. All time high consumption	372.702 MU	09.04.2021

The Restriction and Control measures (R&C) in the state have been lifted with effect from 05.06.2015 and directions of the GoTN issued under Section-11 of Electricity Act 2003 have been revoked with effect from 01.06.2016.

3.3. Minimum demand that prevailed during summer months of 2021 was in the range of 11500 MW to 12000 MW. The average peak demand reached during the above period was in the range of 15,000 MW to 15,500 MW. The minimum demand is likely to increase during the summer months of year 2022.

3.4. The Chief Engineer / Grid Operation in the U.O. dated 26.11.2021 has furnished an indent for the procurement of RTC power for the summer months of 2022:-

Month	RTC quantum in MW
February '22	1000
March '22	1500
April '22	2000
01.05.22 to 20.05.22	1500

3.5. TANGEDCO is likely to receive 400 MW RTC power under MTOA/PTC from 20.01.2022.

3.6. TANGEDCO has floated tender for procurement of power under fresh swap arrangement from January 2022 to May 2022. By this arrangement TANGEDCO may receive 300MW power during peak hours in January 2022, 500MW power during peak hours in February 2022 and 630 MW RTC power from March 2022 to May 2022.

3.7. Owing to the winter season, the demand will be comparatively less than summer months in the State till 3rd week of February 2022 and the availability in power exchanges will be more coupled with reasonable price during February. Taking into account of 400 MW RTC power from MTOA/PTC and 500 MW swap receivables during peak hours, any requirement over and above that quantum can be met through TAM products during 4th week of February '22.

3.8. TANGEDCO has floated a fresh tender for procurement of RTC power up to 1500 MW under MTOA and is likely to receive power from 01.04.2022.

3.9. As public exams for schools/colleges are scheduled during the 2022 summer period, IT firms and commercial establishments also resume their operations, industrial operations have also gained momentum post COVID lockdown and of the weather conditions during summer, the demand over grid will increase significantly.

3.10. Morning peak and evening peak demand will be met through hydrosources to an extent of 800 MW. Wind generation during the above period is likely to be available around 450 MW. Based on day ahead forecast of demand and wind generation, additional peak requirement will be managed through power procurement from exchanges.

3.11. During last summer, TANGEDCO procured 700 MW during February 2021, 1000 MW during March 2021, 969 MW during April 2021 and 819 MW during May 2021. In addition to this, TANGEDCO availed RTC power up to 350 MW during February 2021, 650 MW during March 2021, 450 MW during April 2021 and 250 MW during May 2021 under swap power arrangement.

3.12. The anticipated availability during March 2022 is given below:

Sources	Total capacity in MW	Maximum anticipated availability in MW	Remarks
Hydro	2322	800	<ul style="list-style-type: none"> Thermal generation is taken as 3100 MW after considering forced outage of a 210 MW unit and low generation from NCTPS I & II and MTPS II. 525 MW from SEPC/Tuticorin is considered 400 MW from MTOA / PTC and 1500 MW from fresh MTOA are not considered.
Thermal	4320	3100	
Gas	516	200	
IPP	775	775	
CGS	6558	4737	
LTOA	2830	2540	
MTOA	550	550	
NCES (Solar)		3000	
NCES (Non-solar)		450	
Total RTC power		13152	

3.13.The anticipated demand, total availability, deficit and quantum to be purchased from this tender are tabulated below:

Month	Anticipated demand in MW	Availability in MW		Deficit in MW (a-h)	To be purchased from this tender
		Source of receivables	MW		
March '22	15500 (a)	Swap arrangement under process (c)	630	1253 MW	1000 MW
		Swap return by NVVN/BYPL (d)	65		
		PTC / MTOA (e)	400		
		Total power under process $f=(c+d+e)$	1095		
		TANGEDCO's availability (g)	13152		
		Total availability $h=(f+g)$	14247		

The Grid Operation wing has given indent for 1500 RTC power in March 2022. Based on that TANGEDCO is taking steps to procure 630 MW fresh swap arrangement (which is in process), 65 MW from swap return from BYPL and 400MW from MTOA/PTC totaling 1095 MW. Thus a deficit of 405 MW arises during March 2022 against the indent given by Grid Operation wing.

But the anticipated base demand is 15,500 MW and total availability 14,247 MW which indicates that the deficit is 1253 MW. Therefore, a short term tender (TANGEDCO/SHORT/PP17-2022) is proposed to be floated for procurement up to 1000 MW RTC power from 01.03.2022 to 31.03.2022 in order to satisfy the base demand and to have less dependence on power exchanges. However TANGEDCO may procure power up to 400MW only and if the discovered rate in tender is reasonable and found less than the variable cost of TANGEDCO's procurement sources, TANGEDCO may purchase full quantum as indicated in the tender.

3.14. As mandated by Ministry of Power, procurement under short term will be done through MoP's e-bidding portal (DEEP).

3.15. To enable the successful bidders to book transmission corridor in advance, Tender process is to be initiated immediately and finalized quickly.

3.16. TANGEDCO is seeking approval for deviations from the MOP guidelines in the short term tender besides approval for deviations from the guidelines in respect of

- (i) deletion of payment security clause viz opening of Letter of Credit,
- (ii) deletion of Contract Performance Guarantee clause
- (iii) to release the BG/EMD after the fulfilling the contractual obligations
- (iv) to fix the validity of the tender 30 days from the date of e-Reverse Auction process (excluding the date of of e-RA).
- (v) deletion of change in law clause

3.17. TANGEDCO will approach the Commission on finalizing the tender for tariff adoption.

4. Findings of the Commission:-

4.1. We have heard the submission of the learned Standing Counsel for TANGEDCO appearing for the petitioner.

4.2. It is stated by the petitioner that the average peak demand during the summer of 2021 was in the range of 15000 MW to 15500 MW. However, it is also stated that the minimum demand that prevailed during summer months of 2021 was in the order of 11500 MW to 12000 MW and that minimum demand during 2022 is likely to increase. The anticipated demand is based on the CE (Grid) TANGEDCO's U.O. Note dated 26-11-2021 setting out the requirement of

1500 MW for March 2022. The present procurement is to avoid dependence on power exchange for procurement. Though it is satisfying to see the respondent stating that TANGEDCO may procure upto 400 MW and purchase the full quantum, only after ensuring that the rates discovered in the tender is reasonable, still it to be observed categorically here that the issue is not merely one of reasonableness of the prices alone. The issue goes to the root of procurement i.e. the forecasting of a demand accurately, which to a large extent depends on scientific forecasting. For the purpose of this order, approval is accorded for procurement as sought for in this petition. However, the larger issue of scientific study in the matter of demand forecasting is to be done by the licensee and the anticipated demand cannot be fixed based on the U.O. Note of CE (Grid) alone as it has not been brought out in the petition as to whether the demand forecast was done in a prudent and scientific manner. We do not want to pass observations on the demand forecast of CE (Grid) and to undertake an exercise to examine the necessity or otherwise of the procurement proposed herein but the fact remains that a scientific study is a must and accordingly it must be done for all future projections.

4.3. In this connection, the following portions of the Daily Order dated 11-01-2022 passed by the Commission in the same petition would be relevant:-

“Hearing held on 11-01-2022

DAILY ORDER

Thiru.M.Gopinathan, Standing Counsel for TANGEDCO appeared. Brief arguments heard. Petition admitted. Order reserved. Meanwhile, the TANGEDCO is directed to

make a scientific study in regard to long term power procurement process in future and thereafter submit proposals in accordance with the same”.

4.4. Be that as it may, taking into account of all the available sources such as Hydro, Thermal, Gas, IPP, CGS, LTOA, MTOA, NCES power including the sources like Swap arrangement/PTC, it is expected that the total availability would be of 14,247 MW only. Therefore, still there is a deficit in power requirement to the tune of 1253 MW power for the month of March 2022. Considering the above requirement and in anticipation of approval the petitioner, Tender event was activated in DEEP Portal as per Ministry of Power Guidelines, by the petitioner.

4.5. Hence, taking into account the above submission of TANGEDCO, the Commission under section 63 of the Electricity Act, 2003 accords approval for the procurement of power up to 1000 MW of RTC power for the period from 1.3.2022 to 31.3.2022.

4.6. The Commission also approves the deviations in the above Short term Tender–TANGEDCO/SHORT/PP 17-2022 for the procurement of power by the petitioner as against the Guidelines stipulated by the Ministry of Power, since it is in the nature of short term.

- (i) deletion of payment security clause viz, opening of Letter of Credit,
- (ii) deletion of Contract Performance Guarantee clause
- (iii) to release the BG/EMD after the fulfilling the contractual obligations

(iv) to fix the validity of the tender 30 days from the date of e-Reverse

Auction process (excluding the date of e-RA).

(v) deletion of change in law clause .

4.7. The petitioner TANGEDCO is directed to file a petition for tariff adoption as soon as the tender is finalised.

Ordered accordingly.

(Sd.....)
(K.Venkatasamy)
Member (Legal)

(Sd.....)
(M.Chandrasekar)
Chairman

/True Copy /

Secretary
Tamil Nadu Electricity
Regulatory Commission