

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

PRESENT:-

Thiru M.Chandrasekar

.... Chairman

and

Thiru K.Venkatasamy

.... Member (Legal)

M.P.No. 46 of 2021

Tamil Nadu Generation and Distribution
Corporation Limited
144, Anna Salai,
Chennai – 600 002.

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

**Dates of hearing : 23-11-2021, 30-11-2021, 7-12-2021,
21-12-2021**

Date of order : 11-01-2022

ORDER

The M.P.No.46 of 2021 came up for hearing on 21-12-2021. The Commission upon perusal of the petition and connected records and after hearing the submissions of the petitioner hereby makes the following:-

ORDER

1. Prayer of the Petitioner in M.P No. 46 of 2021:-

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

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- 1.1. To approve procurement of 600 MW during evening hours (17:00 to 22:00 hours) for the period from 22.11.21 to 31.12.21.
- 1.2. To deviate from the MoP guidelines for the following conditions

a) to delete payment security clause and contract performance guarantee clause in lieu of each other.

b) to refund the EMD after completion of the contract satisfactorily.

c) to fix the validity of the tender 30 days from the date of e-Reverse Auction process (excluding the date of of e-RA).

d) to delete change in law clause since duration of contract is for a short period; and

2. To float Tender No TANGEDCO/SHORT/PP-16-2021 for the procurement of 600 MW during evening hours (17:00 to 22:00 hours) for the period from 22.11.2021 to 31.12.2021.

2. Facts of the Case:-

2.1. The petition has been filed to procure 600 MW for the period from 22.11.2021 to 31.12.2021 during 17.00 hrs to 22.00 hrs.

2.2. A short term tender (TANGEDCO/SHORT/PP 16 - 2021) has been proposed to be floated for procurement of power from 22.11.21 to 31.12.21 as detailed below based on day ahead forecast of demand, any additional peak requirement will be managed through power procurement from exchanges and requested for approval.

Period	Duration	MW
22.11.21 to 30.11.21	17:00 to 22:00 hours	600
01.12.21 to 31.12.21		600

3. Contentions of the Petitioner:-

3.1. The petitioner has stated that 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

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.

3.2. The schools and colleges have reopened from September'2021 in phased manner and IT firms, cinema theatres also resumed their operations post Covid lockdown. Industrial operations have also gained momentum and that the demand over the grid is likely to increase further in view of relaxations from Covid restrictions. Hence, in order to ensure the availability of power for the benefit of public, it becomes essential to procure power during evening peak hours to meet the demand at evening peak hours during November 2021 and December 2021.

3.3. It is estimated by TANTRANSCO that the requirement may be in the order of 600 MW and 900 MW during evening hours (17:00 to 22:00 hours) of November'2021 and December'2021 respectively. Based on day ahead forecast of demand, any additional peak requirement will be managed through power procurement from exchanges.

3.4. Therefore, a short term tender (TANGEDCO/SHORT/PP 16 - 2021) has been proposed to be floated for procurement of power from 22.11.2021 to 31.12.2021 as detailed below:-

Period	Duration	MW
22.11.2021 to 30.11.2021	17:00 to 22:00 hours	600
01.12.2021 to 31.12.2021		600

3.5. Also stated that, in general, the response for the short term tender floated by TANGEDCO has been good and tariff emerged is reasonable. Therefore, TANGEDCO may tie up the full required quantum of 600 MW in this process.

3.6. To enable the successful bidders to book transmission corridor in advance, tender process is to be initiated and finalized at the earliest. Hence Tender notice has been published in newspapers and uploaded in websites on 04.11.2021.

3.7. Under the above circumstances, the petitioner has sought approval for deviations from MOP guidelines in the short term tender for the following:

- (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 completion of contract
- (iv) to fix the validity of the tender 15 days from the date of e-Reverse Auction process (excluding the date of e-RA).
- (v) deletion of change in law clause and

3.8. The approval for following deviations/ modification in the GOI guidelines is sought by the Petitioner.

Sl No	Guidelines	Details of Terms and Conditions to be incorporated in NIT
1	<p>a) The procurer may be required to provide revolving letter of credit (LC) equivalent to 100% of the weekly energy corresponding to contracted capacity at the tariff indicated in PPA. LC shall be opened prior to commencement of supply of power.</p> <p>b) The successful bidder may be required to furnish CPG within 7 days from the date of selection as successful bidder.</p>	TANGEDCO will not insist CPG vis-à-vis Bidder shall not insist LC from TANGEDCO. i.e. LC clause and CPG clause mutually stands deleted.
2	The EMD of the successful bidders should be refunded after furnishing CPG.	The EMD will be refunded after completion of the contract satisfactorily.
3	Validity of bid shall be till the time of signing of PPA.	Validity of the bids shall be 15 days from the date of e-Reverse Auction process (excluding the date of e-RA).
4	Change in law shall include any change in taxes, duties, cess ...	Since the tender is invited for short period at firm price, change in law will not be applicable.

3.9. Also stated that the petitioner will approach the commission on finalizing the tender for tariff adoption separately.

4. Additional Affidavit filed by the Petitioner in terms of the Daily Order dated 23-11-2021:-

4.1. The Commission while hearing the petition on 23.11.2021, had directed to file an affidavit explaining the actual shortage, demand forecast, last year peak demand in November 2021 and December 2021 and set out reasons for procurement for the purpose of approval.

4.2. In this regard, the details of present availability during lighting peak hours and last year peak demand with source wise break up are as follows:

Sources	Present Availability during Lighting Peak	Remarks
Hydro	1400	300 MW will get reduced whenever Mettur Dam demand reduced to 0
Thermal	2700	Reduced generation of NCTPS, NCTPP & MTPP (due to ESP ash evacuation problem)
Gas	200	Less generation due to low gas yield.
IPP	250	SEPC generation of 525 MW will be included once SEPC declared COD.
CGS	4240	Less schedule due to coal shortage
LTOA	1900	Less schedule due to coal shortage
MTOA	NIL	Coal shortage

STOA	200	Through TAM
CPP	250	Coal issues
Wind	300	Off season
Total Availability	11440	
Anticipated Demand	13500	
Surplus / Deficit	-2060	
Power Purchase through markets	2060	

Last year Peak Demand		
Sources	November 2020	December 2020
Date	03-11-2020	28-12-2020
Hydro	1533	1179
Thermal	2455	2155
Gas	264	157
IPP	37	294
CPP	741	834
Wind	85	86
Solar	0	0
CGS	4166	4797
Power Purchase (LTOA, STOA+ Exchange in peak hours)	3603 + 2061	2799 + 1514
Demand	14945	13815

4.3. The reasons for the procurement of 600 MW power during evening hours are stated by TANTRANSCO are as follows:

- (a) Hydel power is maximized to 1400 MW in peak hours.
- (b) Under Renewable Energy only wind generation of 300 MW has been considered since the requirement discussed is only for evening peak hours.
- (c) Demand Forecasting has been done by TN SLDC on daily basis considering change in weather conditions then and there.
- (d) To mitigate for the shortfall in the solar generation to the tune of 2000-2500 MW which is not available during the lighting peak (17:00 to 22:00 hrs) the purchase of peak power is utmost essential to meet the peak loads.
- (e) The increase in peak hours requirement is due to addition of solar capacity over the years without any increase in base availability and no balancing mechanism available in TN system to compensate the solar generation in peak hours. When more solar capacity added in future years without any balancing mechanism the more the dependability on markets or other source in peak hours.

TN SLDC is taking into account of all available sources and ensures its optimum utilization and thereafter the shortfall if any is purchased in the day ahead IRTM. Hence in order to reduce the burden of purchase from power exchanges, a quantum of 600 MW firm power is essentially required during peak hours.

4.4. It is further stated by the petitioner that

- (i) Out of 500 MW RTC power under MTOA, 400 MW supply is likely to be commenced from January'2022.
- (ii) The procurement of power of 1000 MW under MTOA is under process, hence it is not considered under availability of power and

- (iii) M/s.SEPC Power Co. Ltd. / Tuticorin is yet to achieve COD and hence it is not considered.

4.5. Considering this valid points TANGEDCO had filed this Miscellaneous Petition before the Commission and initiated tender process for procuring 600 MW power during 17:00 to 22:00 hrs only by publishing the Request for Proposal (RfP) in MoP's e-bidding portal (DEEP) on 04.11.2021.

4.6. The non-financial technical bids were opened on 15.11.2021. Totally 4 bids received from 2 bidders are as follows:

Sl.No.	Name of the Bidder	No. of Bids
1	NVVN Ltd.	3
2	Manikaran Ltd.	1
	Total No. of Bids	4

4.7. The initial price offer was opened on 16.11.2021 and the e-reverse auction also taken place on the same day. The details of the bidders and rate emerged per unit in e-reverse Auction (e-RA) are as follows:

Sl. No.	Period	Name of the Bidder / Source	Quantum offered during e-RA in MW	Rate per unit offered during e-RA Auction in Rs.
1	22-11-2021 to 30-11-2021	Manikaran Power Ltd. / DB Power	40	6.90
2		NVVN / Jaypee Nigrie Super Thermal Power Plant	100	8.75
3		NVVN / Sembcorp Energy India Ltd.	100	8.99
4		NVVN / Jindal Power Ltd.	100	9.42

5	01-12-2021 to 31-12-2021	Manikaran Power Ltd. / DB Power	40	7.00
6		NVVN / Jaypee Nigrie Super Thermal Power Plant	100	8.75
7		NVVN / Sembcorp Energy India Ltd.	100	8.99
8		NVVN / Jindal Power Ltd.	100	9.42

4.8. On further price negotiation with L1 (Manikaran), the rate offered by them are Rs.6.40 and Rs.6.50 per unit for November 2021 and December 2021 respectively. The price during peak hours in power exchange stands at Rs.4.10 from 01.11.2021 to 29.11.2021. Hence TANGEDCO has satisfied the above requirements through power exchanges during November 2021 and negotiation is under process for obtaining competitive rate for December 2021.

5. Findings of the Commission:-

The petitioner has filed this petition seeking approval for procurement of 600 MW power during evening hours (17.00 to 22.00 hours) for the period from 22.11.2021 to 31.12.2021. In this connection the petitioner has also floated Tender vide No.TANGEDCO/ Short / PP-16-2021 through e-bidding portal (DEEP) and received bids from various bidders. However, during the final hearing held on 28.12.2021, the Standing Counsel of the petitioner prayed to close this petition as the tender for procurement of power was not proceeded with further. In view of the submission of counsel for the petitioner, the Commission observed during the said hearing that the

petition may be treated as infructuous. In the result, the petition is closed as infructuous.

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

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

/True Copy /

Secretary
Tamil Nadu Electricity
Regulatory Commission