

TAMIL NADU ELECTRICITY REGULATORY COMMISSION

Order of the Commission dated this the 9th Day of March 2023

PRESENT:

Thiru M.Chandrasekar **Chairman**
Thiru K.Venkatesan **Member**
and
Thiru B.Mohan **Member (Legal)**

P.P.A.P. No.4 of 2022

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

... Petitioner
Thiru N.Kumanan and
Thiru.A.P.Venkatachalapathy,
Standing Counsel for TANGEDCO

This matter came up for hearing before the Commission on 02.03.2023 in the presence of Thiru.N.Kumanan and A.P.Venkatachalapathy, Standing counsel for the Respondent and upon hearing the submission made by the counsel for the petitioner; on perusal of the material records and relevant provisions of law and having stood up for consideration till this date, this Commission passes the following

ORDER

1. Prayer of the Petitioner in P.P.A.P.No. 4 of 2022:-

The prayer of the Petitioner in the above P.P.A.P.No.4 of 2022 is for -

- (i) Ratification approval for adoption of tariff at the range of Rs.9.46/kWhr for procurement of RTC power up to 240 MW at Ex-bus for the period of one month from 11.04.2022 under power offered by M/s.Ratnagiri Gas and Power private Limited;
- (ii) For the period from 11.04.2022 to 10.05.2022 and;
- (iii) Ratification approval for approval for the procurement of 132.48 MU for the period 11th April 2022 to 10th May 2022.

2. Facts of the Case:-

This petition has been filed under Section 63 of the Electricity Act, 2003 seeking adoption of tariff for procurement of RTC power offer of 240 MW by TANGEDCO from Ratnagiri Gas and Power Private Limited under Short Term Power Procurement for one month from 11-04-2022.

3. Contentions of the Petitioner:-

3.1. 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	17563 MW met on	29-04-2022
b. All time high consumption	388.078 MU met on	29-04-2022

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lifted with effect from 05.06.2015 and directions of the GoTN issued under Section-11 of Electricity Act, 2003 have been revoked with effect from 01.06.2016.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 power position for the month of April 2022 and May2022 was reviewed by TANTRANSCO and it was anticipated that 2000 MW RTC Power would be required to meet the minimum demand in view of considerable increase in demand owing to summer months and 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.

3.3. Due to lesser coal availability/non-availability, TANGEDCO's own thermal stations could not be run on required PLF. Even though unit I of KKNNP is to be shut down during April & May 2022 for re-fuelling activities, in LTOA, 1172 MW out of 2830 MW PPA quantum from interstate IPPs viz, M/s. Coastal Energen Pvt. Ltd and M/s. IL&FS is not available due to fuel issues and 550 MW of MTOA through pilot 1 agreement with M/s. PTC has expired on 31.03.2022. Exchange rates are as high as up to Rs.12/unit and power is not available in peak period due to corridor issues.

3.4. Under such Circumstances, considering TANGEDCO's demand & supply position and the summer peak load at present and during the month of May 2022, Due to urgency, TANGEDCO accepted the power offered of 240 MW by M/s. Ratnagiri Gas and Power private Limited (A subsidiary of NTPC Limited) for the period of one month from 11.04.2022.

3.5. M/s. Ratnagiri Gas and Power private Limited offered power proposal for supplying of 240 MW for April 2022 with the following terms and conditions:

- This offer is on two-part tariff basis for 240 MW power, delivered at RGPPL Ex-Bus with,
 - a) Fixed Cost will be on contracted quantity of 240 MW (Rs. 27.67 Crores/Month)
 - b) ECR: Based on the actual Gas Price and Pass through.
- ECR of Rs.7 .87 per KWH is based on following
 - a) 0.3 MMSCMD NAPM Gas @ 6.1~\$ / MMBTU
 - b) RLNG Ex-terminal Price 13.16 \$ / MMBTU
 - c) Exchange Rate: 77 Rs/USD (Pass through)
 - d) Heat Rate: 1900 Kcal/Kwh & APC: 3%
- Block wise minimum scheduling of 90% of contracted quantity.
- Connectivity for power evacuation
RGGPPL is Maharashtra STU connected.
- Power Scheduling will start after necessary allocation order from MOP

3.6. Further stated that, with the approval of its CMD, signing of Power Purchase Agreement was executed between TANGEDCO Ltd and M/s.Ratnagiri Gas and Power private Limited for a period of one month from 11.04.2022 to 10.05.2022 at the rate of Rs.9.46/KW hr. Based on gas availability, the power has been scheduled from 18.04.2022 to 10.05.2022.

3.7. Moreover the exchange price discovered for the same period from 11.04.2022 to 10.05.2022 was Rs.10.66/- per unit. Thus, TANGEDCO saved Rs.1.2/- per unit by purchasing power from M/s. RGPPL. Thus, the price discovered from this offer is reasonable.

4. Hearing dated 23.01.2023:-

In the hearing held on 23.01.2023, after hearing brief arguments of the petitioner's counsel, Commission admitted the petition and issued the following daily order to furnish the additional details towards the power procurement arrangement.

"DAILY ORDER

Tvl. N.Kumanan and A.P.Venkatachalapathy, Standing Counsels for the petitioner appeared. Brief arguments heard. Petition admitted. TANGEDCO is directed to file a sworn affidavit on the utilization of contracted and available quantum power during the peak hours in regard to the period for which approval for procurement is sought. If the available quantum is not used the reason for the same may be stated. TANGEDCO shall also furnish Merit Order Despatch details. The case is adjourned to 14.02.2023 for further hearing."

5. Additional affidavit filed by the Petitioner dated 02.03.2023:-

5.1. The petitioner submitted the details on the following as directed by the Commission in daily order dated 23.01.2023 -

- i) Utilization of contracted and available quantum during peak hours for the period for which approval for procurement is sought.
- ii) If the available quantum is not used the reason for the same.
- iii) Merit order Despatch (MOD) details.

5.2. From the block wise availability sources furnished by SLDC for the period from 01.03.2022 to 20.05.2022 and 10.10.2022 to 31.10.2022, it is ascertained that some

of the generation plants were planned for outages such as Annual Over hauling (AOH), R&M work and Forced outages such as day to day repair and Maintenance work. Hence the power scheduled as per the MOD was less than the available sources. To meet out the deficit, power procured by floating the above tenders (Tender No. 20, 21, 22 & 27 of 2022) through DEEP portal and the remaining quantum was managed by purchase of power through exchanges in order to maintain the uninterrupted power supply to the State.

5.3. During the year 2022, the unit price of the power in power exchanges had gone up to Rs.20/- per unit till the direction of CERC dated 01.04.2022, where in the ceiling limit was fixed as Rs.12/- per kWh. In spite of bidding at the maximum ceiling limit of Rs.12/- per unit, TANGEDCO could get only 10 % of the bided quantum for peak hour requirement as buy bids were more than double of the sell bids in some blocks indicating higher demand and lower supply during summer months of 2022. Despite of bidding at the highest rate, the power could not be procured in exchanges during summer months because of limited availability of power during peak hours. Hence the last year deficit quantum was procured through tenders (tender no. 20, 21, 22 & 27 of 2022) and submitted before the Commission to get the ratification and approval.

5.4. The tariff discovered for power exchanges during summer 2022 is detailed below:

Period of purchase	Average cost in
Month	Exchanges Rs./kWh
March 2022	10.16
April 2022	10.38
May 2022	10.71

5.6. In spite of purchasing power through tenders, the prevailed deficit which was managed by purchasing power through exchanges (DAM, TAM and RTM). Hence, essentially required quantum have been purchased through tender floated vide MP No.12, 15 and 32 of 2022 and PPAP No. 4 (RGPPL offer), 6, 7 and 8 of 2022 and PPAP 1 of 2023 for the period from 01.03.2022 to 20.05.2022 and 10.10.2022 to 31.10.2022.

6. Findings of the Commission:-

6.1. The Commission has gone through the submission of the petitioner in this P.P.A.P.No.4 of 2022 which sought the ratification and approval for adoption of tariff for procurement of RTC Power of 240 MW from Ratnagiri Gas and Power Private Limited for the period of one month from 11.04.2022.

6.2. The petitioner has stated that due to lesser coal availability/non-availability, TANGEDCO's own thermal stations could not be run on required PLF. Even though unit I of KKNNP is to be shut down during April & May 2022 for re-fuelling activities. In LTOA, 1172 MW out of 2830 MW PPA quantum from interstate IPPs viz, M/s. Coastal Energen Pvt. Ltd and M/s. IL&FS is not available due to fuel issues and 550 MW of MTOA through pilot 1 agreement with M/s. PTC has expired on 31.03.2022. Exchange rates are as high as up to Rs.12/unit and power is not available in peak period due to corridor issues.

6.3. Under such Circumstances, considering TANGEDCO's demand & supply position and the summer peak load during the month of May 2022, Due to urgency,

TANGEDCO accepted the power offered of 240 MW by M/s. Ratnagiri Gas and Power private Limited (A subsidiary of NTPC Limited) for the period of one month from 11.04.2022.

6.4. As the petitioner has not obtained any prior approval of the Commission so as to purchase the power from M/s.Ratnagiri Gas and Power Private Limited, Commission directed the TANGEDCO, vide Daily Order dated 23.01.2023 *to file the sworn affidavit on the utilization of contracted and available quantum of power during peak hours in regard to the period for which approval for procurement is sought. If the available quantum is not used the reason for the same may be stated. TANGEDCO shall also furnish Merit Order Despatch details.*

6.5. The petitioner furnished the block wise availability sources obtained from SLDC for the period from 01.03.2022 to 20.05.2022 and 10.10.2022 to 31.10.2022, and stated that some of the generation plants were planned for outages such as Annual Over hauling (AOH), R&M work and Forced outages such as day to day repair and Maintenance work. Hence the power scheduled as per the MOD was less than the available sources. To meet out the deficit, power procured from M/s.RGPPL and the remaining quantum was managed by purchase of power through exchanges in order to maintain the uninterrupted power supply to the State.

6.6. During the year 2022, the unit price of the power in power exchanges had gone up to Rs.20/- per unit till the direction of CERC dated 01.04.2022, where in the ceiling limit was fixed at Rs.12/- per kWh. In spite of bidding at the maximum ceiling limit of Rs.12/- per unit, TANGEDCO could get only 10 % of the bided quantum for peak hour

requirement as buy bids were more than double of the sell bids in some blocks indicating higher demand and lower supply during summer months of 2022. Despite of bidding at the highest rate, the power could not be procured in exchanges during summer months because of limited availability of power during peak hours. Hence the last year deficit quantum was procured through tenders (tender no. 20, 21, 22 & 27 of 2022) and submitted before the Commission to get the ratification and approval.

6.7. It is also ascertained that the tariff discovered for power exchanges during last summer 2022 was as below:

Period of purchase	Average cost in
Month	Exchanges Rs./kWh
March 2022	10.16
April 2022	10.38
May 2022	10.71

6.8. The Commission has taken note of the submissions made by the petitioner in their additional affidavit such as the details of Availability of power quantum and anticipated slot wise details with regard to the period for which approval for procurement is sought.

6.9. From the above submissions, it is established by the petitioner that under the compelling exigency of power during the month of April & May 2022, TANGEDCO procured the short term power from M/s.RGPPL at the mutually agreed ECR rate of Rs.7.87 / kWh with a Fixed cost of Rs.27.67 Crores. Though the price seems to be higher than the average power purchase rate (Rs.5.86/kWh) for the month of April 2022, it is found lesser than the average power procured by the TANGEDCO from the Power Exchange during April 2022 (Rs.10.86/kWh).

6.10. As per the Directives of Tariff Order in T.P.No.1 of 2017 dated 11.08.2017, TANGEDCO has to take prior approval from the Commission for purchasing energy from unapproved sources. However, in this case, the petitioner has already executed the Power Purchase Agreement with the Ratnagiri Gas and Power Private Limited on 9th April 2022 for the purchase of 240 MW of short term power for the period of one month from 11.04.2022. However, taking note of the exigency of power in handling the demand of the State, Commission inclined to accept the case put forth by the petitioner. However, Commission also directs that in future the petitioner shall have to obtain prior approval for any power purchase from the unapproved sources instead of seeking the approval and ratification after availing of power.

6.11. With the above observations, the Commission hereby ratify and accords approval for the procurement 240 MW (Ex-bus) RTC power for the period of one month (from 11.04.2022) from M/s. Ratnagiri Gas and Power private Limited at the range of Rs.9.46 / kWh, with the following terms and conditions:

- (i) Two-part tariff basis for 240 MW power, delivered at RGPPL Ex-Bus with,
 - (a) Fixed Cost will be on contracted quantity of 240 MW (Rs. 27.67 Crores / Month)
 - (b) ECR: Based on the actual Gas Price and Pass through.
- (ii) ECR of Rs.7 .87 per KWH is based on following
 - (a) 0.3 MMSCMD NAPM Gas @ 6.1~\$ / MMBTU
 - (b) RLNG Ex-terminal Price 13.16 \$ / MMBTU
 - (c) Exchange Rate: 77 Rs/USD (Pass through)
 - (d) Heat Rate: 1900 Kcal/Kwh & APC: 3%
- (iii) Block wise minimum scheduling of 90% of contracted quantity.

(iv) Connectivity for power evacuation
RGGPPL is Maharashtra STU connected.

(v) Power Scheduling will start after necessary allocation order from MOP

Further, the procurement of 132.48 MU from M/s.RGPPL during the period from
11th April 2022 to 10th May 2022 is hereby approved and ratified.

Ordered accordingly.

(Sd.....)
Member (Legal)

(Sd.....)
Member

(Sd.....)
Chairman

/True Copy /

Secretary
Tamil Nadu Electricity
Regulatory Commission