

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

PRESENT:-

Thiru.K.Venugopal Member

and

Thiru.S.Nagalsamy Member

M.P. No.23 of 2012

Tamil Nadu Generation and Distribution Corporation Limited
Represented by Chief Engineer / Private Power Projects
144, Anna Salai
Chennai – 600 002.

.. Petitioner
[Thiru Seshadri, CE (PPP)]

Vs

Nil

.... Respondent

Date of hearing : 31-07-2012

Date of order : 28-09-2012

The above M.P.No.23 of 2012 came up for hearing before the Commission on 31-07-2012. Upon perusing the above petition and connected records and after hearing Thiru.Seshadri, Chief Engineer (PPP), the Commission passes the following-

ORDER

1. Prayer of the Petitioner in M.P.No.23of 2012:-

The prayer of the Petitioner in M.P.No.23 of 2012 is to ratify and approve the dispatch of power from the high cost Independent Power Producers outside merit order for the month of July 2012 as mentioned in para 14 of the petition.

2. Facts of the Case :-

2.1. The Petitioner has referred to Clause 7.1.20 in the Tariff Order dated 30-03-2012 which is as follows:-

“7.1.20 In view of the above, the Commission feels that the fixed and variable cost claimed by TANGEDCO in respect of various IPPs is considered for FY 2011-12 and FY 2012-13. Further the Commission has allowed only fixed cost for those IPPs which do not get scheduled as per Merit Order Despatch discussed in earlier section. Wherever the Power Stations are to be despatched outside Merit Order, TANGEDCO shall obtain approval of the Commission in advance by furnishing reasons for such action. In case of emergencies TANGEDCO is permitted to resort to such a practice but will approach the Commission within a week of such action along with the reasons for such action”.

2.2. In view of the said Clause 7.1.20, the Petitioner has filed the above petition for approval and ratification of power purchased from the four Independent Power Producers namely, M/s.GMR Power Corporation Limited, M/s. Samalpatti Power Corporation (P) Limited, (M/S.SPCL), M/s.Madurai Power Corporation (P) Limited (M/s.MPCL) and M/s.PPN Power Generating Company (P) Limited (M/s.PPN) for July 2012.

3. Hearing on 31-07-2012

During the hearing on 31-07-2012, the Commission after hearing Thiru Seshadri, Chief Engineer, PPP passed the following order:-

“M.P.No.23 of 2012 was filed by TANGEDCO on 16-07-2012 seeking relaxation from Merit Order Despatch with regard to four power plants which were not found to be in Merit Order, in Tariff Order issued by the Commission.

TANGEDCO explained the reasons for operating these power stations and read out from the petition itself such reasons. It was also explained by them that the gas available in case of PPN Power Project was to the tune of 41% and 59% Naptha is being used. The plant is dispatched by TANGEDCO at 100% or 85% or not dispatched at all. As regards the other three diesel generating plants by and large one unit of each station is dispatched. TANGEDCO clarified that if the gas output is not improving, they will take a call on operating PPN power station.

During the hearing, the Commission read out Section 32 (2) (a) which is reproduced below:-

“(2) The State Load Despatch Centre shall-

(a) be responsible for optimum scheduling and dispatch of electricity within a State, in accordance with the contracts entered into with a licensee or the generating companies operating in that State”

Similar provision has been incorporated in the Tamil Nadu Electricity Grid Code in Section 4 (ii).

Relaxation is sought for the month of July 2012. Arguments concluded. Orders reserved”.

3. Contention of the Petitioner as set out in the Petition :-

(a) In order dated 21-06-2012 in M.P.No.11 of 2012, the Commission allowed TANGEDCO for availing electricity as below:-

Name of the IPP	April 2012 in MU	May 2012 in MU	June 2012 in MU
M/s.GMR	67	46	70
M/s.SPC	43	16	13
M/s.MPC	42	18	13
M/s.PPN	213	93	208
Total	365	173 + balance 4 days at actuals	304

(b) The statement of actual power purchased from the IPPs in MU during April 2012 to June 2012 is as below:-

Name of the IPP	April 2012 in MU	May 2012 in MU	June 2012 in MU
M/s.GMR	67.354	50.752	51.286
M/s.SPC	42.796	18.969	19.775
M/s.MPC	41.610	20.585	20.991
M/s.PPN	213.273	90.955	100.064
Total	365.03	181.261	192.116

(c) The wind season is expected till September -12 and considering 2500 to 2700 MW availability from wind source, the deficit expected during the months of July 2012 and September 2012 is around 500 to 1640 MW. However, this includes the expected capacity addition of 200 to 750 MW from the upcoming projects.

(d) During October 12 to March 13, the deficit expected is upto 2800 MW which also includes the addition of capacity of 1450 to 2700 MW from the new projects.

(e) 500 to 1650 MW is considered from Hydro which will be subject to the active set in of monsoon and realization of inflows.

(f) The ongoing projects are getting delayed due to various reasons and adequate initial capacity additions cannot be anticipated before August 2012. Hence with no capacity addition the stoppage of IPPs would worsen the already acute power scenario.

(g) The high cost liquid fuel stations namely M/s.GMR, M/s.MPC and M/s.SPC are being dispatched judiciously considering the peak and non-peak requirements of the grid. The issue of finding alternatives for meeting the heating requirement of fuel

pipes and tanks etc. in the event of nil generation, is being taken up with the IPPs, so as to strictly follow the Commission's Tariff Order No.1 of 2012 dated 30-03-2012.

(h) M/s.PPN which was kept under standby from 23-05-2012 was again dispatched from 15-06-2012 subsequent to the decision of the Government of Tamil Nadu to extend 12 hours 3 phase supply to the farmers of delta region.

(i) M/s.PPN was again backed down with effect from 01-07-2012 due to grid condition. But however the work over in the PY-01 wells have been commenced by the gas producer from 19-06-2012 and the gas output has increased by nearly 9% (from 17,000 MMBTU to 18500 MMBTU) and as on 30-06-2012 the machine was running with gas and naphtha in the percentage ratio of 41:59. M/s.HOEC the gas producer and M/s. GAIL are representing for the continuous off take of gas during the workover which is expected to continue till end of July 2012 so that flaring / capping is avoided which will further have negative impact on gas production. M/s.HOEC has informed that consequent to work overs increase in gas output is expected. In view of the above, M/s. PPN may have to be dispatched judiciously based on the grid conditions, in the long term interest of making gas available.

(j) The power purchase projection for the period July 2012 to March 2013 in respect of high cost IPPs is as below.

Stations	July 2012	August 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	March 2013
GMR	81	81	79	95	92	95	95	96	146
Samalpatti Power	26	26	29	37	36	39	39	48	78
Madurai Power	26	26	29	37	36	39	39	48	78
Pillaiperumal nallur GTS	209	209	213	234	213	234	234	222	246
Total	343	343	349	403	377	406	406	416	548

(k) Due to the shortage of power and to meet the demand, it is proposed to purchase the following quantum of power from the high cost IPPs for the month of July 2012:-

Name of IPP	Power proposed to be purchased during the month of July 2012 in MU
M/s.GMR	81
M/s.SPC	26
M/s.MPC	26
M/s.PPN	209
Total	342 MU

4. Finding of the Commission:-

4.1. M.P.No.23 of 2012 was filed by TANGEDCO on 16th July 2012. This is consequent to the directions of the Commission in Tariff Order No. 1 of 2012 dated 30-3-2012 regarding merit order despatch.

4.2. A similar petition was filed earlier which was numbered as MP No. 11 of 2012, seeking approval of the Commission for operating the 4 Nos liquid fuel based power plants. The Commission vide its Order dated 21-6-2012 approved the operation of these power plants for the months of April, May and June as per para 7.7 of the Order dated 21-6-2012. In the instant petition, the petitioner has submitted the actual despatch of power from liquid fuel power plants during April 2012 to June 2012 as follows:-

Name of IPP	April 2012 in MU	May 2012 in MU	June 2012 in MU
M/s. GMR	67.354	50.752	51.286
M/S SPC	42.796	18.969	19.775
M/S MPC	41.610	20.585	20.991
M/S PPN	213.273	90.955	100.064
Total	365.033	181.261	192.116

4.3. The Commission has noted the actual despatch of power for the months of April, May and June 2012 as per the above table. This petition is seeking relaxation in merit order despatch for the month of July 2012 as follows:-

Name of IPP	Power proposed to be purchased during the month of July 2012 in MU
M/s. GMR	81
M/S SPC	26
M/S MPC	26
M/S PPN	209
Total	342 MU

4.4. The matter was heard on 31-7-2012. While the petition is seeking relaxation in the merit order despatch for the month of July 2012, the petitioner had projected the shortages for various months going upto March 2013. Since the relaxation sought is only for July 2012, the Commission is not going into the details pertaining to subsequent months. Para 9 of the petition indicates that the on-going projects are getting delayed due to various reasons and additional capacities are not expected before August 2012. The petitioner therefore submits that the high cost liquid fuel station Viz. M/s. GMR, M/s. MPC and M/s. SPC are being despatched judiciously considering the peak and non-peak requirements of the grid. The petitioner further indicates that the issue of finding alternative for meeting the heating requirement of fuel pipes and tanks etc in the event of Nil generation, is being taken up with the IPPs so as to strictly follow the Commission's tariff order No. 1 of 2012 dated 30-3-2012. In this regard, during the hearing on 31st July 2012 the Commission drew the attention of the petitioner as well as the SLDC, whose representatives were present during the hearing, to Section 32 (2) (a) of the Electricity Act, 2003 which is reproduced below:-

“(2) The State Load Despatch Centre shall-

(a) be responsible for optimum scheduling and dispatch of electricity within a State, in accordance with the contracts entered into with a licensee or the generating companies operating in that State”

Similar provision exists in the Tamil Nadu Electricity Grid Code in section 4 (ii).

4.5. The Petitioner further states that in case of PPN Power Station, work-over in the PY-01 wells, which is supplying gas to this power station, has been commenced by the gas producers from 19-6-2012 and the gas output has increased by nearly 9% from 17,000 MMBTU TO 18,500 MMBTU. As on 30-6-2012 the power station was running with gas and Naphtha in the percentage ratio of 41:59. The petition also indicates that M/s. HOEC, the gas producer, and M/s. GAIL are representing for the continuous off take of gas during the work-over which is expected to continue till end July 2012 to avoid flaring / capping. During the hearing, the Chief Engineer PPP, Thiru K.Seshadri indicated that gas production has actually reduced as compared to expected availability indicated by HOEC and GAIL. He clarified that in view of the reduced availability of gas, the TANGEDCO may have to take a call on the operation of this power station, at variable cost in the range of Rs.8/- per kWhr.

4.6. The Commission directs the TANGEDCO to furnish the details of discussion between TANGEDCO, HOEC, GAIL and M/s. PPN with regard to the work-over in PY-01 wells and the estimate of availability of gas consequent to the completion of the work-over. A conscious view has to be taken with regard to despatch of this power plant vis-à-vis the gas availability. Continued operation of PPN power plant with more and more Naphtha would only strain the finances of TANGEDCO which is already over stretched. While the petition states that M/s. HOEC has informed that consequent to work-over increase in gas output is expected, the statement made

during the hearing by the Chief Engineer is to the contrary. Correct position shall be filed before the Commission.

4.7. From the data available in public domain, the actual despatches for the liquid fuel based plants during July, 2012 are observed as follows:

1)	M/s. GMR	37.428 MUs
2)	M/s. SPC	9.318 MUs
3)	M/s. MPC	12.411 MUs
4)	M/s. PPN	152.586 MUs
	Total	211.743 MUs

4.8. Total wind mill generation was of the Order of 2100 MUs during July 2012. In view of the fact that the up-coming power stations are delayed, the Commission approves the despatch of the four liquid fuel based power station to the extent of 211.743 MUs for the month of July 2012.

5. Appeal:-

An appeal under section 111 of the Electricity Act, 2003 against this order shall lie to the Appellate Tribunal for Electricity within a period of 45 days.

(Sd.....)
(S.Nagalsamy)
Member

(Sd.....)
(K.Venugopal)
Member

/ True Copy /

Secretary
Tamil Nadu Electricity
Regulatory Commission

