

**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

**P.P.A.P. No.2 of 2012**

Tamil Nadu Generation and Distribution  
Corporation Limited  
No.144, Anna Salai  
Chennai – 600 002.

..... Petitioner

Represented by  
(Thiru K.Seshadri, CE (PPP)  
and  
Thiru P.H.Vinod Pandian,  
(Standing Counsel for Petitioner)

Vs

Nil ..... Respondent

**Dates of hearing : 02-05-2012, 21-05-2012, 29-06-2012 and  
10-08-2012**

**Date of order : 28-09-2012**

The above P.P.A.P.No.2 of 2012 came up before the Commission for final hearing on 10-08-2012. Upon perusing the above petition and connected records and after hearing arguments, the Commission passes the following:-

**ORDER**

**1. Prayer of the Petitioner in P.P.A.P. No. 2 of 2012:-**

The prayer of the Petitioner is-

- (i) to accord approval for the purchase of power through traders totaling to a quantum of 10304 MU (on an average of around 1225 MW) available from generating companies located in inter region for a period i.e. from June 2012 to 15<sup>th</sup> May 2013.

- (ii) To ratify and approve the issuance of Letter of Acceptance (LOA) to the traders for the months of June 2012 and July 2012 alone for the purchase of quantum of around 1538.4 MU within the stipulated rate of Rs.4/- per kwhr.
- (iii) To fix reasonable prices of the electricity under the proviso of the section 62 (1) (a) and sec 63 of the Electricity Act, 2003.

## **2. Facts of the Case:-**

The Petitioner is filing this petition under para 7.1.35 of the Tariff Order No.1 of 2012 dated 30-03-2012, according to which the Petitioner shall take prior approval from the Commission in case power purchase from traders for the financial year 2012-13 exceeds the quantum and rate specified in the Tariff Order.

## **3. Contention of the Petitioner as set out in P.P.A.P. No.2 of 2012 :-**

3.1. The quantum of power required to meet the unrestricted demand for power is more than 12,000 MW. The power available from various sources to the Petitioner is in the order of 8000 MW, resulting in severe shortage of supply to meet the requirements in the order of about 4000 MW.

3.2. The Petitioner's obligations to meet out the demand is rapidly increasing whereas its capacity augmentation is not up to the expected level due to the delay in execution of various ongoing new projects and capacity addition projects in Central Sector, State Sector and private sector etc.

3.3. In order to provide flexibility and to set benchmark, the Commission has considered the purchase from traders at 2000 MU at an average rate of Rs.4.00/KW hr. in FY 2012-13.

3.4. The market trend has changed considerably due to various reasons like coal shortage, coal price, corridor congestion etc. The cost of power is bound to increase in coming days due to various such factors and the power availability may also come down drastically.

3.5. Clause 2.1.445 of Tariff Order No.1 of 2012 has considered the commissioning of some of the ongoing projects to an extent of 1050 MW by March 2012 and other projects of 2650 MW capacity would be progressively added during the year 2012-2013.

3.6. The factual position is that as the ongoing projects are getting delayed due to various reasons and adequate capacity addition cannot be anticipated during the year 2012-2013. The power supply and demand projection for the year 2012-2013 envisages the purchase of around 2000 MW which is very much necessary to meet out the growing demand.

3.7. A short term tender has been floated for the procurement of 1000 MW on round the clock basis from June 2012 – May 2013 by fixing the due date for opening as 23-01-2012.

3.8. The required quantum has not been materialized as per L1 rate from October 2012. Hence, it is suggested that the balance quantum may be harnessed by

considering the offers whose rates are higher than the L1 rate but within the approved rate of Tamil Nadu Electricity Regulatory Commission.

3.9. Though the above option may lead to adoption of different tariff in the same tender, it may be the way out to corner the required quantum to reduce power cuts and load shedding in the coming months. Hence the offers other than M/s. NVVN that can be considered under the differential tariff which is listed in Annexure - III.

3.10. Presently PGCIL has indicated that no corridor is available under MTOA till June 2013 but there could be development in future based on the Central Electricity Regulatory Commission verdict dated 2-2-2012 on the suo motu petition which has directed PGCIL to take steps to remove the congestion. And also corridor congestion may get relieved due to the commissioning of certain ongoing projects during 2012-13.

3.11. The requirement of power during ensuing period is in the range of 4000 MW. It is suggested that the additional quantum over and above bid capacity of 1000 MW can be considered, as this will be advantageous to TANGEDCO. The additional quantum can be accommodated as there is a provision in the tender regulation for ordering 25% more than the tendered quantum.

3.12. The entire quantum of 1000 MW floated through the tender has been offered by the inter-state traders. However, availing the same through MTOA route for the months from June 2012 – May 2013 is very difficult due to the corridor congestion. Hence in order to overcome the corridor congestion another short term tender has been floated for the procurement of 1000 MW for the months from

June 2012–May 2013 within the Southern region which is under process. A separate petition will be filed to get approval for the above from the Commission.

3.13. In the meantime, it is observed from the recent ATC (Available Transfer Capability) declaration posted in SRLDC website that a margin is available for Short Term Open Access (STOA) in ER-SR path for 440 MW for the following duration in the months of June 2012 and July 2012 i.e. from (i) 15-06-2012 to 30-06-2012, (ii) 01-07-2012 to 19-07-2012 (iii) 24-07-2012 to 31-07-2012 due to the shutdown of Talcher Stage II of Unit 6.

3.14. In the above circumstances LOA has been issued to the traders for the months of June and July alone in order to facilitate the traders to apply for STOA in advance category before 25<sup>th</sup> of April to avail this power from June 15<sup>th</sup> onwards. For the remaining months LOA shall be issued in due course on approval from the Commission.

3.15. The landed cost is inclusive of the transmission charges and transmission losses of both the injecting and drawal utility deducting which the generation cost at the ex-bus amounts to less than Rs.4/- unit. Also the quantum to be scheduled for the two months would be around 1538.4 MU only.

3.16. As there is a huge shortage prevailing to meet out the power requirement in the State and as directed in clause 7.1.35 of this Commission's Order No.1 of 2012, dated 30-03-2012 to take prior approval of the Commission before purchasing energy beyond the quantum of 2000 MU and the benchmark rate of Rs.4/- per KWhr, this petition has been filed.

**4. Hearing held on 02-05-2012:-**

The first hearing of Commission was held on 02-05-2012. The Respondents were directed to file additional affidavit covering the details called for in respect of M.P.No.11 of 2012 with regard to planning aspects.

**5. Affidavit of the Petitioner in terms of order dated 02-05-2012:-**

In view of PGCIL declaring availability of corridor for the month of August 2012 and in order to book the corridor under advance category LOAs have been issued in anticipation of the Commission's approval.

**6. Hearing held on 21-05-2012:-**

6.1. During the hearing on 21-05-2012, revised statement for power requirement was submitted. The requirement of power was projected at 50 Hz. Even this statement does not include any power purchase from the power exchanges which offer competitive price during certain periods of the year. During the previous years, the TNEB / TANGEDCO had purchased power from the Energy / Power exchanges at competitive rates and therefore this cannot be totally excluded. The availability of wind power has been considered on an annual basis whereas the availability is fairly high during the wind season. Therefore, there is a need to analyze this on atleast monthly basis. The petition does not clearly bring out that the Restriction and Control measures or the load shedding shall be withdrawn or reduced, if the power purchase is resorted to. For a specific query from the Commission with regard to how surplus power will be handled on a real time basis and how the cost of power purchase would be optimized, the TANGEDCO sought additional time for furnishing the details. Accordingly, time was granted for filing the additional details. The

Petitioner was also directed to file the petition after getting approval from the Board of Directors.

6.2. The Commission in the above hearing also pointed out that the process of estimation of demand is rough and talks in terms of round the clock power. The Commission has observed that to reduce the cost of power purchase under these circumstances, one option could be to call tenders with two part tariff which will enable purchase of energy according to requirements and the Petitioner is at liberty to come up with any other better alternative.

#### **7. Affidavit of the Petitioner in terms of order dated 21-05-2012:-**

7.1. Formally all projections and statistics are conducted at 50 Hz only, eventhough the grid frequency would be travelling through the admissible bandwidth of 49.5 Hz to 50.2 Hz all the time depending on demand-supply position of not only Tamil Nadu grid but also on the demand of the other states in the Southern grid. Given the power number of 1000 MW for the Southern grid, the difference between the unrestricted demand with 50 Hz correction and without correction approximately works out to 300 MW. Contribution of Tamil Nadu in improving the frequency may be around 100 MW only for TNSTU. This will be handy in managing UI and may serve as stand by demand for Open Access consumers.

7.2. The power purchase from exchanges had to be totally stopped because of the high cost of power, even when small quantity power is requested for. This is mainly because of market splitting mechanism adopted by power exchanges due to corridor congestion. If power purchase through power exchanges is resorted to as a regular exercise the power cost would go further higher. The power from power exchange is

not only expensive, but also unreliable. The quantity available also is meagre. The projections cannot be made considering power from exchange. However, the trades in power exchanges are meticulously monitored. As and when any opportunity to book any quantum of power at attractive rates persists in Day Ahead Market (DAM) or Term Ahead Market (TAM), the same is fully utilized. In fact, the excess power if available with TANGEDCO will be suitably exploited to trade in the exchanges given the attractive rates prevailing in the market.

7.3. The TANGEDCO and the Government of Tamil Nadu are keen to lift the curbs on the power supply to the consumers gradually but substantially from June 2012 onwards by duly considering the directions of the Commission in its order dated 23-03-2012 in M.P. No.15 of 2012.

7.4. In the period of high economic growth Tamil Nadu Industrial Sector has been stifled by the acute power shortage. Ensuring adequate power supply to the industrial consumers ensures sustained economic growth in the state improving employment opportunities and life style of the public. At the same time, TANGEDCO also derives revenue in excess of its expenditure since the revenue realization from the industrial consumers is higher than the average cost of supply and also the cost of power at which it is proposed to procure power through this tender.

7.5. Wind power has been accounted for in the annual as well as monthly forecasts.

7.6. With reference to handling of surplus power during the period of high wind generation, it is likely that the surplus generations may be created. However, the



behavior of wind energy is unpredictable. The wind generators are also not coming forward to schedule that power even for the purpose of mock exercise. The failure to contract base load presuming the availability of wind generation may prove disastrous. There had been several occasions where the wind energy had gone down to negligible level. Even during consistent wind generation period the variability used to be severe. All these make wind generation unreliable.

7.7. TANGEDCO has already instructed to all their thermal plants to avail planned maintenance shut down by scheduling them during the surplus time i.e. from June to September and from November to December.

7.8. TANGEDCO will also explore possibilities of selling small quantum of power through power exchanges if the rates are attractive. Swapping of excess wind energy as and when possible will also be tried with other states that need power during this surplus season and get back the same during deficit period.

7.9. In the previous occasions attempts were made to procure power in the different time slots depending on the requirement of power, but it had ended in vain since the generator cannot be operated in different time slots with abnormally varying quantum of power output, as it has to fulfill the technical minimum as dictated by the design parameters. Moreover the power dispatch is done through the RLDCs which in turn depends on the corridor availability and hence it is decided to have a base load contract with the supplier on RTC basis.

7.10. During 2011-2012, Letter of Acceptance was issued for peak hour only under Tender No.2 of 2011 for a quantum of 135 MW. But no power was scheduled as

there was no corridor availability. Hence it is submitted that fragmented power availability through tender is neither economical nor certain. In the recent tenders floated by TANGEDCO bids were received with the condition that the suppliers are not willing to schedule the power if the corridor approval is fragmented.

7.11. As directed by the Commission, the proposal of power procurement through Tender No.1 of 2012 was placed before the Board of Directors of TANGEDCO and got approved.

7.12. With respect to calling for two part tariff based bids on short term basis, it is stated that there are no specific guidelines for short term power market, which accounts for about 10 percent of total electricity procured in the country. Till date no other utilities had opted for two part tariff in their short term power procurement. The Power Ministry is expected to introduce competitive bidding guidelines for short-term procurement of electricity very soon.

7.13. The guidelines prepared after consultations with stakeholders, would be applicable for power being procured for a period of less than one year. These guidelines would be issued under the provisions of section 63 of the Electricity Act, 2003. The new norms are likely to help in bringing transparency as well as standardize the process of short term power procurement. TANGEDCO would also strive to adopt these guidelines for short term power procurement as and when such guidelines are issued.

7.14. The LOAs for the month of June 2012, July 2012 and August 2012 were already issued in anticipation of the Commission's approval. The applications for

STOA were made for 1000 MW for the month of June 2012, 1100 MW for July 2012 and 1150 MW for August 2012 out of which approval was obtained only for 87 MU for the month of June 2012, 185 MU for the month of July 2012 and 208 MU for the month of August 2012. It will be seen from the above that the availability of corridor for sources outside the state is limited. Hence, though the proposal is for 10304 MU in all likelihood this may be curtailed to a maximum of 4000 MU. During the year 2011 a quantum of 500 MW was applied for the period from Feb 2012 to May 2012 under MTOA from GUVNL for which it may be seen that corridor allotment by nodal agency are made under pro-rata basis. Therefore, it is prayed that the Commission may consider approving the full quantum for placing of LOAs, subject to a cap on the procurement quantum.

**8. Revised prayer of the Petitioner in P.P.A.P. No.2 of 2012:-**

In the circumstances stated in the affidavit dated 21-05-2012 referred to above, the Petitioner has prayed for the following revised prayer, namely:-

8.1. Ratification and approval for having issued LOAs for the months of June 2012, July 2012 and August 2012.

8.2. Approval for the purchase of power totaling to a quantum of 10304 MU on an average of around 1225 MW with a cap on the procurement quantum available from generating companies located in inter region for a period i.e. from June 2012 to 15<sup>th</sup> May 2013 and for fixing reasonable prices of the electricity under the provision of the section 62 (1) (a) and section 63 of the Electricity Act, 2003.

## **9. Hearing held on 29-06-2012:-**

In the hearing held on 29-06-2012, the Commission passed the following order, namely:-

P.P.A.P.No.2 of 2012 and P.P.A.P.No.3 of 2012 were listed today at short notice. Additional affidavit in P.P.A.P.No. 3 was filed only yesterday. The Hon'ble High Court of Madras passed an order on 7-6-2012 in W.P.No.14395 of 2012 and M.P.No.1 of 2012 for expeditiously disposing of the issue by 29-6-2012. Despite this, additional information was filed before the Commission only on 28-06-2012. During the hearing lot of discrepancies in the submissions were pointed out. The petition does not clearly bring out the absorption of additional quantum of power and only general submissions are made for additional purchase of power. Neither reduction in load shedding nor lifting of R & C measures is being talked about. The Commission is concerned about the full absorption of power purchased. While it has been stated in the petition that sale of power outside the state is prohibited under section 11 of the Electricity Act, 2003, the TANGEDCO has proposed that it will be selling power to other States. Under-drawal of cheaper power may also be not desirable.

As regards the Petitioner's submission dated 28-06-2012 in P.P.A.P.No.3 of 2012, the prayer is for purchase of power of 6484 MUs from intra-state generators from June 2012 to May 2013. However, the Petitioner has prayed for fixing the tariff by the Commission. A perusal of the petition shows that the same has been filed under section 63 of the Electricity Act, 2003. The same position was taken by this Petitioner in the High Court in the Writ Petition referred above. The Petitioner may therefore take a view on the matter and make a proper prayer for adoption of tariff under section 63 as fixation or determination of tariff is to be done under section 62 and necessary details for the same are also not filed by the Petitioner.

**10. Affidavit dated 19-07-2012 of the Petitioner in terms of order dated 29-06-2012:-**

10.1. TANGEDCO has floated tender for purchase of 1000 MW of RTC Power vide Tender No.1 of 2012 and 21 bidders participated in the tender. The same has been placed before the Commission for its approval and numbered by Registry of this Commission as P.P.A.P. No.2 of 2012. Due to the non-availability of corridor for importing this said quantum of power another tender namely Tender No. 3 of 2012 has been floated for purchase of 1000 MW of RTC power sourced from Southern region only for the months of June 2012 to May 2013. The same has been placed before the Commission and numbered by the registry of this Commission as P.P.A.P. No. 3 of 2012 and for those petitions the Commission was pleased to pass an order in the hearing dated 29-06-2012 which is referred to above.

10.2. The availability and demand projection is reworked and submitted in Annexure-I.

10.3. The Commission was pleased to approve the intrastate generator to inject the power to the extended period of one month as prayed for by the TANGEDCO for the month of June 2012 at the rate of Rs.5.05 per KWhr based on the Commission's Order in P.P.A.P.No.5. TANGEDCO has realized 361.5 MW from the local generators during the month of June 2012.

10.4. The issuance of Letter of Acceptances and the quantum approved thereof for the month of June 2012 to September 2012 with regard to the inter-regional power import from other regions as under:-

Month	Applied Quantum		Power sourced from	Approved quantum in MU	% of realization as against the applied quantum
	In MW	In MU			
June 2012	1100	792	NR,WR,ER	87.5	11
July 2012	1100	818	NR,WR,ER	420.3	51
August 2012	1150	855	NR,WR,ER	228.7	26
Sep.2012	1150	720	NR,WR,ER	129.1	17

(Tender No.01 was called for to purchase about 1000 MW to meet out deficit. The successful bidders were suppliers of inter region as mentioned above. But due to corridor congestion, the average realization is to the tune of about 25% only. The same is taken into consideration for demand supply projection for the months of October 2012 to May 2013).

10.5. The upcoming projects are getting delayed and have not come as expected due to various reasons. As and when the capacity addition takes place and if it is consistent it will be reviewed for lifting of load shedding and R & C measures.

10.6. The Commission may be pleased to approve the full quantum of power envisaged in P.P.A.P. No.2 so that TANGEDCO gets full power if there is improvement in corridor availability so that the deficit reduces to that extent.

10.7. The proposed procurement of power through traders under Tender No.01 of 2012 from Inter-State traders / generators is as below:-

Month	Trader	Source	Quantum in MW	Landed cost in Rs./ Unit
<b>June 2012*</b>	NVVN	CSPDCL,WBSEDCL, SEL, WL and TSECL	500	4.26
	PTC	Jaypee Karcham Wangtoo, HEP	200	4.26
	PTC	BALCO	100	4.26
	Shree Cement	IPP in Rajasthan	200	4.26
	<b>TOTAL</b>		<b>1000</b>	
<b>July 2012*</b>	NVVN	CSPDCL,WBSEDCL, SEL, WL and TSECL	500	4.13
	PTC	Jaypee Karcham Wangtoo, HEP	200	4.13
	PTC	BALCO	100	4.13
	Adani	APL, Mundra TPP	100	4.13
	Shree Cement	IPP in Rajasthan	200	4.13
	<b>TOTAL</b>		<b>1100</b>	
<b>August 2012*</b>	NVVN	CSPDCL,WBSEDCL, SEL, WL and TSECL	550	4.13
	PTC	Jaypee Karcham Wangtoo, HEP	200	4.13
	PTC	BALCO	100	4.13
	Adani	APL, Mundra TPP	100	4.13
	Shree Cement	IPP in Rajasthan	200	4.13
	<b>TOTAL</b>		<b>1150</b>	
<b>September 2012*</b>	NVVN	CSPDCL,WBSEDCL, SEL, WL and TSECL	550	4.13
	PTC	Jaypee Karcham Wangtoo, HEP	200	4.13
	PTC	BALCO	100	4.13
	Adani	APL, Mundra TPP	100	4.13
	Shree Cement	IPP in Rajasthan	200	4.13
	<b>TOTAL</b>		<b>1150</b>	

\* In anticipation of approval of the Commission, Letter of Acceptance issued. Ratification prayed (3222 MU).

<b>October 2012</b>	NVVN	CSPDCL,WBSEDCL, SEL, WL and TSECL	600	4.35
	PTC	BALCO	100	4.35
	Adani	APL, Mundra	100	4.77
	Shree Cement	IPP in Rajasthan	200	4.80
	Shree Cement	Odisha in ER	100	4.80
	Jindal Power Ltd.	Jindal	200	4.81
	<b>TOTAL</b>		<b>1300</b>	

<b>Nov 2012</b>	NVVN	CSPDCL,WBSEDCL, SEL, WL and TSECL	600	4.35
	PTC	BALCO	100	4.35
	Adani	APL, Mundra	100	4.77
	Shree Cement	IPP in Rajasthan	200	4.80
	Shree Cement	Odisha in ER	100	4.80
	Jindal Power Ltd.	Jindal	200	4.81
	<b>TOTAL</b>		<b>1300</b>	
<b>Dec 2012</b>	NVVN	CSPDCL,WBSEDCL, SEL, WL and TSECL	600	4.35
	PTC	BALCO	100	4.35
	Adani	APL, Mundra	100	4.77
	Jindal Power Ltd.	Jindal	200	4.81
	Shree Cement	IPP in Rajasthan	200	4.90
	Shree Cement	Odisha in ER	100	4.90
	<b>TOTAL</b>		<b>1300</b>	
<b>Jan 2013</b>	NVVN	CSPDCL,WBSEDCL, SEL, WL and TSECL	600	4.35
	PTC	BALCO	100	4.35
	Adani	APL, Mundra	100	4.77
	Jindal Power Ltd.	Jindal	200	4.81
	Shree Cement	IPP in Rajasthan	200	5.00
	Shree Cement	Odisha in ER	100	5.00
	<b>TOTAL</b>		<b>1300</b>	
<b>Feb 2013</b>	NVVN	CSPDCL,WBSEDCL, SEL, WL and TSECL	600	4.35
	PTC	BALCO	100	4.35
	Adani	APL, Mundra	100	4.77
	Jindal Power Ltd.	Jindal	200	4.81
	Shree Cement	IPP in Rajasthan	200	5.00
	Shree Cement	Odisha in ER	100	5.00
	<b>TOTAL</b>		<b>1300</b>	
<b>March 2013</b>	NVVN	CSPDCL,WBSEDCL, SEL, WL and TSECL	600	4.35
	PTC	BALCO	100	4.35
	Adani	APL, Mundra	100	4.77
	Jindal Power Ltd.	Jindal	200	4.81
	Shree Cement	IPP in Rajasthan	200	5.00
	Shree Cement	Odisha in ER	100	5.00
	<b>TOTAL</b>		<b>1300</b>	
<b>April 2013</b>	NVVN	CSPDCL,WBSEDCL, SEL, WL and TSECL	600	4.35
	PTC	BALCO	100	4.35
	Adani	APL, Mundra	100	4.77
	Jindal Power Ltd.	Jindal	200	4.81
	Shree Cement	IPP in Rajasthan	200	5.00
	Shree Cement	Odisha in ER	100	5.00
	<b>TOTAL</b>		<b>1300</b>	



<b>May 2013</b>	NVVN	CSPDCL,WBSEDCL, SEL, WL and TSECL	600	4.35
	PTC	BALCO	100	4.35
	Adani	APL, Mundra	100	4.77
	Jindal Power Ltd.	Jindal	200	4.81
	Shree Cement	IPP in Rajasthan	200	4.90
	Shree Cement	Odisha in ER	100	4.90
	<b>TOTAL</b>		<b>1300</b>	
<b>Total Energy for the tender (10304 MU)</b>				

**11. Second Revised prayer in P.P.A.P.No.2 of 2012:-**

In the circumstances stated in the above affidavit dated 29-06-2012 referred to above, the Petitioner has made the following revised prayer namely:-

- (a) The Commission may be pleased to approve and ratify the proposal of TANGEDCO as per para 21 extracted above for supply of power to TANGEDCO from other region for the months of June 2012 to May 2013 in the tender floated vide Tender No.01 of 2012 and filed before the Commission under P.P.A.P. No.2 of 2012.
- (b) The Commission may be pleased to approve the above and pass such other orders.

**12. Finding of the Commission with reference to the Petition of Thiru S.Gandhi, PESOT:-**

Thiru S.Gandhi, PESOT was present in the court during the hearing held on 21-05-2012. At the conclusion of hearing of this petition Thiru S.Gandhi submitted a letter requesting the Commission to place the petition for public hearing, to ensure transparency as mandated under section 86 (3) of the Electricity Act, 2003. The letter of Thiru. S.Gandhi will be dealt with in accordance with the provisions of the Electricity Act, 2003 and the Regulations made thereunder.

### **13. Finding of Commission:-**

13.1. This petition was filed by TANGEDCO on 25-4-2012. The matter was heard on 2-5-2012, 21-5-2012, 29-6-2012 and 10-8-2012. The Commission had called for various details. These details were furnished vide affidavit dated 19-7-2012. During the hearing on 21-5-2012, Thiru S. Gandhi of PESOT raised certain objections. The objections raised relate to the procurement of about 13000 MUs involving an expenditure of about Rs.8700 crores and suggested public debate through public hearing. Subsequently, Thiru S. Gandhi had moved an application for impleadment on 8-8-2012 in PPAP No.3 of 2012. From this, the Commission understands that the objections are mainly relating to PPAP No.3 of 2012. Thiru S.Gandhi was present in the Court when PPAP No.2 of 2012 was finally heard on 10-8-2012, during which he did not raise any objection with regard to PPAP No.2 of 2012 and the Commission concluded the hearing and reserved its order on 10-8-2012.

13.2. This petition is for procurement of power from CERC approved inter-state traders. The proposal is for procurement of about 1000 MW to 1250 MW for the period June 2012 to May 2013 in pursuance of an agreement between the inter-state traders and TANGEDCO. The proposal is for procurement for various months from June 2012 to May 2013 and the proposed quantum was 10304 MU. During the hearing, the Commission raised the issue of consideration of wind power available during the wind season, effect of continuing restriction and control measures, load shedding, etc. The delay in commissioning of various on-going projects was cited as a major reason for procurement of power from other sources. During the month of May 2012, there was a fire accident in Mettur Thermal Power Station of TANGEDCO due to which there was total loss of generation corresponding to 840 MW installed capacity. Due to failure of monsoon, the hydro generation within the State has also

gone down. The restriction and control measures are still continuing because of the delay in commissioning of various new projects. It was also explained during the hearing that TANGEDCO does not expect the corridor for open access for carrying the entire power for which tenders have been invited. They expect only a smaller proportion of the capacity for which tenders have been called for. Accordingly, the total quantum of 10304 MU is not likely to be received by them during this period June 2012 to 15<sup>th</sup> May 2013. Subsequently, in their affidavit dated 18-6-2012, TANGEDCO prayed for approval for purchase of power totaling to a quantum 10304 MU on an average of around 1225 MW **with a cap on the procurement of quantum available.** During the hearing on various occasions, it was repeatedly clarified by TANGEDCO that in view of transmission constraints and competing requirement by electricity utilities in the Southern Region, they only get proportionate allocation of transmission corridor even if they apply for the full requirement upto 1225 MW proposed to be procured. The proposed quantum for various months is as follows:-

Month	Trader	Source	Quantum in MW	Landed cost in Rs/unit	Expenditure in Rs. crores
June '12	NVVN	CSPDCL, WBSEDCL, SEL, WL and TSECL	500	4.26	153.36
	PTC	Jaypee Karcham Wangtoo, HEP	200	4.26	61.344
	PTC	BALCO	100	4.26	30.672
	Shree Cement	IPP in Rajasthan	200	4.26	61.344
	<b>Total</b>			<b>1000</b>	
July '12	NVVN	CSPDCL, WBSEDCL, SEL, WL and TSECL	500	4.13	153.636
	PTC	Jaypee Karcham Wangtoo, HEP	200	4.13	61.454
	PTC	BALCO	100	4.13	30.727
	Adani	APL, Mundra TPP	100	4.13	30.727
	Shree Cement	IPP in Rajasthan	200	4.13	61.454
	<b>Total</b>			<b>1100</b>	

<b>Aug'12</b>	NVVN	CSPDCL, WBSEDCL, SEL, WL and TSECL	550	4.13	168.999
	PTC	Jaypee Karcham Wangtoo, HEP	200	4.13	61.454
	PTC	BALCO	100	4.13	30.727
	Adani	APL, Mundra TPP	100	4.13	30.727
	Shree Cement	IPP in Rajasthan	200	4.13	61.454
	<b>Total</b>			<b>1150</b>	
<b>Sep '12</b>	NVVN	CSPDCL, WBSEDCL, SEL, WL and TSECL	550	4.13	163.548
	PTC	Jaypee Karcham Wangtoo, HEP	200	4.13	59.472
	PTC	BALCO	100	4.13	29.736
	Adani	APL, Mundra TPP	100	4.13	29.736
	Shree Cement	IPP in Rajasthan	200	4.13	59.472
	<b>Total</b>			<b>1150</b>	
<b>Oct '12</b>	NVVN	CSPDCL, WBSEDCL, SEL, WL and TSECL	600	4.35	194.184
	PTC	BALCO	100	4.35	32.364
	Adani	APL, Mundra	100	4.77	35.488
	Shree Cement	IPP in Rajasthan	200	4.80	71.424
	Shree Cement	Odisha In ER	100	4.80	35.712
	Jindal Power Ltd.	Jindal	200	4.81	71.573
	<b>Total</b>			<b>1300</b>	
<b>Nov '12</b>	NVVN	CSPDCL, WBSEDCL, SEL, WL and TSECL	600	4.35	187.92
	PTC	BALCO	100	4.35	31.32
	Adani	APL, Mundra	100	4.77	34.344
	Shree Cement	IPP in Rajasthan	200	4.80	69.12
	Shree Cement	Odisha In ER	100	4.80	34.56
	Jindal Power Ltd.	Jindal	200	4.81	69.264
	<b>Total</b>			<b>1300</b>	

<b>Dec '12</b>	NVVN	CSPDCL, WBSEDCL, SEL, WL and TSECL	600	4.35	194.184
	PTC	BALCO	100	4.35	32.364
	Adani	APL, Mundra	100	4.77	35.489
	Jindal Power Ltd.	Jindal	200	4.81	71.573
	Shree Cement	IPP in Rajasthan	200	4.90	72.912
	Shree Cement	Odisha In ER	100	4.90	36.456
	<b>Total</b>		<b>1300</b>		<b>442.978</b>
<b>Jan '13</b>	NVVN	CSPDCL, WBSEDCL, SEL, WL and TSECL	600	4.35	194.184
	PTC	BALCO	100	4.35	32.364
	Adani	APL, Mundra	100	4.77	35.489
	Jindal Power Ltd.	Jindal	200	4.81	71.573
	Shree Cement	IPP in Rajasthan	200	5.00	74.4
	Shree Cement	Odisha In ER	100	5.00	37.2
	<b>Total</b>		<b>1300</b>		<b>445.21</b>
<b>Feb '13</b>	NVVN	CSPDCL, WBSEDCL, SEL, WL and TSECL	600	4.35	175.392
	PTC	BALCO	100	4.35	29.232
	Adani	APL, Mundra	100	4.77	32.054
	Jindal Power Ltd.	Jindal	200	4.81	32.323
	Shree Cement	IPP in Rajasthan	200	5.00	67.2
	Shree Cement	Odisha In ER	100	5.00	33.6
	<b>Total</b>		<b>1300</b>		<b>369.801</b>

<b>Mar '13</b>	NVVN	CSPDCL, WBSEDCL, SEL, WL and TSECL	600	4.35	194.184
	PTC	BALCO	100	4.35	32.364
	Adani	APL, Mundra	100	4.77	35.489
	Jindal Power Ltd.	Jindal	200	4.81	71.573
	Shree Cement	IPP in Rajasthan	200	5.00	74.4
	Shree Cement	Odisha In ER	100	5.00	37.2
	<b>Total</b>			<b>1300</b>	
<b>Apr '13</b>	NVVN	CSPDCL, WBSEDCL, SEL, WL and TSECL	600	4.35	187.92
	PTC	BALCO	100	4.35	31.32
	Adani	APL, Mundra	100	4.77	34.344
	Jindal Power Ltd.	Jindal	200	4.81	69.264
	Shree Cement	IPP in Rajasthan	200	5.00	72
	Shree Cement	Odisha In ER	100	5.00	36
	<b>Total</b>			<b>1300</b>	
<b>May '13</b>	NVVN	CSPDCL, WBSEDCL, SEL, WL and TSECL	600	4.35	194.184
	PTC	BALCO	100	4.35	32.364
	Adani	APL, Mundra	100	4.77	35.489
	Jindal Power Ltd.	Jindal	200	4.81	71.573
	Shree Cement	IPP in Rajasthan	200	4.90	72.912
	Shree Cement	Odisha In ER	100	4.90	36.456
	<b>Total</b>			<b>1300</b>	
<b>Total for the tender</b>					<b>4784.343</b>

(Expenditure shown is inclusive of POC charges)

13.3. On a specific query from the Commission, with regard to the actual quantum of power received against this proposal, it was clarified by TANGEDCO that for the month of June 2012, 87.51 MUs were actually received as against 720 MUs. During July 2012, the actual quantum of power received was 420.37 MUs. as against 818.4 MUs. From this, the Commission observed that even though application for short term open access was made by TANGEDCO for higher quantum what was received was much lower. The rates quoted vary in the range of Rs.4.13 per kWhr. at the minimum and Rs.5 per kWhr at the maximum. TANGEDCO confirmed that contracts are entered into based on the actual quotations, and the payment will be made according to the contracts. They further confirmed that these rates are landed cost at Tamil Nadu periphery i.e. for delivery of power within the periphery of Tamil Nadu, irrespective of the generation source.

13.4. In view of the delay in commissioning of various on-going projects, continuing restriction and control measures, prevailing load shedding, failure of monsoon and reduced hydro generation, etc. the Commission deems it appropriate to approve PPAP No.2 of 2012 as per the rates contained in para 13.2. of this order. The on-going projects are likely to be commissioned at different points in time during this year. There is a need to review the quantum of power purchase through short term procurement duly taking into account commissioning of ongoing projects. In view of this, the Commission fixes a ceiling of **4000 MUs** to be procured through PPAP No.2 of 2012 as requested. Since only 500 MUs have been received in June and July 2012, approval of remaining 3500 MUs to be procured through this order would provide enough flexibility to TANGEDCO in managing their demand. In case the Petitioner is likely to exceed the quantum of 4000 MUs as approved in this order, they may approach the Commission in advance seeking appropriate relief.

**Ordered accordingly.**

**14. 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