

(a) To review the order passed in Amendment – Notification No. TNERC – NCES Regn. No.16/2, dated 1-12-2008 (effective from 17-12-2008) regulation for interfacing line.

(b) Issue an order as per the guidelines of the Ministry of New and Renewable Energy and as ordered in TNERC Order No.3 dated 15-5-2006.

2. Prayer of the Petitioner Board in Condonation Petition

The petitioner Board prayed for the condonation of delay of 202 days in filing the Review Petition as the delay is neither willful nor wanton.

3. Prayer of the petitioner Board in the Additional Review Petition in MP. No.13 of 2009.

The prayer of the petitioner Board in M.P. No.13 of 2009 is to restore the earlier practice of bearing the power evacuation cost by the power producers themselves, by considering the contents relating to power evacuation, stipulated in TNERC Order No.3 dated 15-5-2006 and the earlier practice adopted by TNEB before TNERC Order No.3 dated 15-5-2006 came into force and the contents stipulated as per the Section 10 (1) of the Electricity Act, 2003.

4. Contentions of Petitioner Board

4.1 In the first Review Petition the Petitioner Board contended the following:

- (a) The definitions of “interfacing line’ and ‘inter connection point’ in the agreement are not in consonance with the provisions of Electricity Act, 2003 more particularly Section 10 (1) of the Act.
- (b) A comprehensive reading of the guidelines of the Ministry of New and Renewable Energy, Section 10 (1) of Electricity Act, 2003 and the draft regulations dated 15-5-2009 issued by the CERC would establish that the cost of the interfacing line has to be borne by the generator only

4.2. In the Additional Review Petition (M.P. No. 13 of 2009), the petitioner Board contended the following:

- (a) Power evacuation works related to Biomass power plants and sugar mill co-generation plants have been carried out by the petitioner Board on DCW basis (i.e.) the cost of power evacuation was borne by the generators. The same practice has been allowed to be continued by the Hon’ble Commission vide TNERC Order No.3 dated 15-5-2006.
- (b) The lengths of power evacuation lines for different co-generation power plants are between a minimum of 2 kms to a maximum of 16 kms. For purchasing such meager quantum of power to be exported from the proposed power plants infuture, as per the amendment – Notification No. TNERC – NCES Regn. No.16/2 dated 1-12-2008 effective from 17-12-2008, the petitioner Board is to invest huge expenditure on power evacuation works mostly on 110 KV level.

(c) In regard to biomass power plants only 20 MW power is being exported to TNEB grid. Most of the power plants are kept idle without generation or with reduced generation. For receiving such meager quantum of power exported from the proposed plants in future, the petitioner Board has to invest huge expenditure towards the power evacuation works mostly on 110 KV level. Solar power generation would be available for the period of maximum of 8 hours in a day.

5. Findings of the Commission

5.1. The TNEB has contended that the definitions of “inter-connection point” and the “interface lines” contained in the Energy Purchase Agreement approved by the TNERC for implementing the Tariff Order No.1 dated 20-3-2009 is in conflict with the definitions adopted by the Ministry of New and Renewable Energy, the draft Regulations of the Central Electricity Regulatory Commission on Renewable Energy published on 15-5-2009 and Section 10 of the Electricity Act, 2003. The TNEB had prayed that the definition of the agreement should fall in line with the definitions adopted by the MNRE and the CERC.

5.2. Section 10 of the Act empowers a generating company to establish a power plant without licence. It also empowers the generator to construct tie lines, sub-stations and dedicated transmission lines without licence. If a generator undertakes to construct a dedicated transmission line upto the delivery point, the cost thereof is passed on to the buyer of electricity in the form of

project specific tariff. Such an arrangement is possible only where project-specific tariff is applicable. This arrangement would fail in cases of generalized tariff orders such as those applicable for wind energy generator, biomass generators or bagasse-based co-generation. These are cases where tariff is fixed without reference to the cost of interfacing lines.

5.3. Although the CERC had notified draft regulations on terms and conditions for tariff determination from renewable energy sources on 15-5-2009, the final regulations published on 16-9-2009 define “inter connection point” as below:

“Inter-connection point shall mean interface point of renewable energy generating facility with the transmission system or distribution system as the case may be:

- a) in relation to wind energy projects and solar Photovoltaic Projects, inter-connection point shall be line isolator on outgoing feeder on HV side of the pooling sub-station.
- b) In relation to small hydro power, biomass power and non fossil fuel based co-generation power projects and solar thermal power projects the interface connection point shall be line isolator on outgoing feeder on HV side of generator transformer.”

“Project” and “Capital cost” are defined in the regulations in the following manner:

“Project means a generating station or the evacuation system upto inter connection point, as the case may be, and in case of a small hydro generating station includes all components of generating facility such as dam, intake water conductor system, power generating station and generating units of the scheme, as apportioned to power generation.”

“Capital Cost – The norms for the capital cost as specified in the subsequent technology specific chapters shall be inclusive of all capital work including plant and machinery, civil work, erection and commissioning, financing and interest during construction and evacuation infrastructure upto inter-connection point.

The capital cost for wind energy project shall include wind turbine generator including its auxiliaries, land cost, site development charges and other civil works, transportation charges, evacuation cost upto inter-connection point.”

5.4. The CERC has made it clear that inter-connection point shall be at the periphery of the generating station. Similarly, the capital cost has been reckoned up to the inter-connection point, thus excluding the cost of inter-facing lines. It is therefore established that the definitions of inter-facing line and inter-connection point adopted by the TNERC are supported by the Regulations of CERC.

5.5. The Ministry of Power formulated guidelines for determination of tariff by bidding process for procurement of power by Distribution Licensees in resolution No.23/11/2004-R&R (Vol.II) dated 19th January

2005. The guidelines issued for Case 1 bidding procedure on 27-3-2009 defines inter-connection point as below:-

“Inter-connection point” shall mean the point where the power from the power station switchyard bus of the Seller is injected into the interstate/intrastate transmission system (including the dedicated transmission line connection the power station with the interstate/intrastate transmission system)”

Clause 2.24 (1) of the same guidelines reads as follows:-

“In the case of procurement under Case 1, the bidder shall quote the price of electricity at the inter-connection point, i.e. being the point where the electric lines of the generating station connect to inter/intra state transmission network.

It is clear that the concept of inter-connection point adopted by the TNERC conforms to the approach of the Ministry of Power, Government of India.

5.6. The Central Electricity Authority (Technical Standards for Connectivity to the Grid) Regulations 2006 published on 21-2-2007 has defined inter-connection point in clause 2(17) as follows:

“Inter-connection point means a sub-station or switchyard at which point inter-connection is established between the requester and the grid”.

Clause 2(25) defines “Requester” as “a person such as a generating company including captive generating plant or transmission licensee (excluding Central

Transmission Utility or State Transmission Utility) or distribution licensee or bulk consumer, who is seeking inter-connection of his new or expanded electrical plant to the grid at voltage level 33 KV and above.”

It is clear that inter-connection point terminates within the premises of the generator.

5.7. The guidelines of the Ministry of Non Conventional Energy Sources quoted by the TNEB read as follows:-

“Interfacing, including transformers, panels, kiosk, protection, metering, HT lines from the points of generation to the Board’s nearest HT lines, etc., as well as maintenance, will be undertaken by the producer as per the specifications and requirements by the producer as per the specifications and requirements of the Board, for which he will bear the entire cost. Alternatively, these works and their maintenance could be undertaken by the Board, at charges to be decided by the Board.

The guidelines of the Ministry of Non Conventional Energy Sources are at variance with the stand adopted by the Central Electricity Authority, the Central Electricity Regulatory Commission and the Ministry of Power.

5.8. The TNEB has referred to Order No.3 dated 15-5-2006 of the Commission which imposed the burden of inter-facing lines on the generator. The Commission realized that this policy contradicts the policy of the CEA, the CERC and the Ministry of Power and therefore, decided to fall in line with the other authorities.

5.9. To be more specific, the Commission has determined the capital cost for the purpose of tariff in the case of renewable energy generators only for delivery of electricity at the boundary of the generating station and therefore, the cost of inter-facing line has to be necessarily excluded for the purpose of tariff. It is not possible in the case of small renewable energy generators to build the cost of inter-facing lines into the capital cost as in the case of large power plants, where project specific tariff could be adopted.

6. Conclusion:

The delay condonation petition is allowed.

The first Review Petition and the additional Review Petition viz. M.P. No.13 of 2009 are dismissed.

7. Appeal

An appeal against this Order lies to the Appellate Tribunal for Electricity as per Section 111 of the Electricity Act 2003 within a period of 45 days.

Pronounced in the open court by this Commission on this 14th day of October 2009

**(R.RAJUPANDI)
MEMBER**

**(S.KABILAN)
CHAIRMAN**