

**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.45 of 2012**  
**and**  
**I.A.No.1 of 2012**

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

.. Petitioner  
(Thiru P.H.Vinod Pandian,  
Advocate for Petitioner)

Vs

Nil

....Respondent

**Dates of hearing : 13-12-2012 and 31-01-2013**

**Date of order : 28-03-2013**

The above M.P.No.45 of 2012 came up before the Commission on 31-01-2013. The Commission upon perusing the above petition and connected records of the case and upon hearing the Chief Engineer (PPP) of TANGEDCO admitted the above petition and reserved orders. The Commission now passes the following final order:-

**FINAL ORDER**

**1. Prayer in M.P. No.45 of 2012:-**

The prayer of the petitioner in M.P.No.45 of 2012 is to –

(i) approve and ratify the dispatch of power from the high cost Independent Power Producers outside the merit order for the month of November 2012 as mentioned in para 11 (column 2) which is reproduced below and:-

Name of the IPP	Power proposed to be purchased during the month of November 2012 in MU
M/s.GMR	69
M/s.SPIC	46
M/s.MPC	46
M/s.PPN	135
<b>Total</b>	<b>296</b>

(ii) condone the delay in filing this petition within one week as directed in the said clause 7.1.20 of the Tariff Order No.1 of 2012 dated 30-03-2012.

**2. Contention as set out in M.P.No.1 of 2013:-**

(a) In Clause 7.1.20 of the Tariff Order dated 30-03-2012 for the year 2012-13, with respect to M/s.GMR Power Corporation Limited (M/s.GMR), 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), the Commission has approved only the fixed charge payable to the above companies and ordered that wherever the above power stations are to be dispatched outside merit order, the Petitioner should get the approval of the Commission. The Commission has further observed that 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.

(b) In view of the failure of South West monsoon and very poor storage in the Hydro Reservoirs, the hydro inflows in the power plants of Tamil Nadu is very less compared to the previous year.

(c) The State owned EPC projects, joint venture projects and central sector projects are getting delayed from its scheduled commissioning dates.

(d) The forecast demand for the month of November 2012 during peak hours is 11,600 MW. However, the forecast availability from all the sources is only 6,854 MW, leaving a deficit of 4,746 MW.

(e) Due to delay in commissioning of various ongoing projects, continuing restriction and control measures, prevailing load shedding, failure of monsoon and reduced hydro generation etc. the high cost IPPs are operated based on the grid conditions, judiciously.

### **3. Findings of the Commission:-**

This petition is filed by TANGEDCO for approval and ratification for operating the power plants of M/s. GMR, M/s. SPCL, M/s. MPCL, and M/s. PPN for dispatching power outside the merit order for the month of November 2012. This petition was filed on 4-12-2012. On 22-1-2013 IA No. 1 of 2012 was filed in this same petition.

At the time of issuing of Tariff Order for FY 2012 - 13, this Commission has taken into account the expected commissioning of various power stations and accordingly estimated the availability of power in the State. These power stations have not been commissioned as per the programme envisaged in the Tariff Order.

The delay in commissioning these plants are due to various reasons. TANGEDCO in the petition have stated that due to failure of South West Monsoon, storage in the Hydro Reservoirs is very less. Due to the delay in commissioning of State owned projects and Central sector power projects, they were forced to operate the high cost liquid fuel power projects during November 2012. The proposal of the petitioner is as follows:

Name of the IPP	Power proposed to be purchased during the month of November 2012 in MU
M/s. GMR	69
M/s. SPC	46
M/s. MPC	46
M/s. PPN	135
Total	296

During the hearing held on 13-12-2012, the Commission directed TANGEDCO to clarify as to how the additional expenditure for procuring the high cost power will be met and whether any attempt has been made to sell this high cost power to consumers who are willing to pay higher rates like the way in which reliability power was sold in the year 2009-10, etc. TANGEDCO was also asked to clarify whether this additional expenditure can be borne by the Government so that the same need not be passed on to the consumers.

TANGEDCO in their IA No. 1 of 2012 filed on 22-1-2013 have indicated that they could not sell such high cost power to HT consumers when they made an attempt to procure such power from one of the power stations in Andhra Pradesh and therefore supply of reliability power concept was abandoned. They further

stated that they have written to Government of Tamil Nadu for releasing a sum of Rs.500 crores to meet out the excess cost of power purchase. They also stated that they would include the expenditure for purchase of power from high cost IPPs in the ARR for the year 2012-13.

During the month of October 2012, November 2012, etc the energy availability within Tamil Nadu was 170 to 180 Million Units. The load shedding was also very high. Running of such expensive plants to some extent has alleviated the troubles of load shedding. TANGEDCO is required to follow up and expedite commissioning of the ongoing projects and also pursue their efforts to get adequate assistance from the Government with regard to additional expenditure.

During the hearing held on 31-1-2013, CE(PPP)/TANGEDCO confirmed that actual dispatch of these four power stations outside the merit order was to the tune of 238.62 million units during November, 2012 as against the proposal of 296 million units.

The Commission had allowed the payment of full fixed charges for the high cost liquid fuel based power projects which are under discussion in this petition, even if they are not dispatched in view of high variable cost involved in their operation. The variable cost of these power stations vary in the range of Rs.8.40 per Kwhr to Rs.11.40 per Kwhr. The weighted average variable cost of the four power stations under discussion for the period April, 2012 to October, 2012 is of the Order of Rs.9.52 per Kwhr. The dispatches from these four power stations upto October, 2012 is of the Order of 1900 Million units. Keeping in view the average rate of realization from the consumers as Rs.5/- per Kwhr, the additional expenditure on

account of dispatch of these four stations by 1900 million units between April and October 2012 works out to Rs.858/- crores. The petitioner however, has indicated that if this dispatch is not resorted to, the load shedding hours increases phenomenally. Keeping in view the inconvenience caused to the consumers due to pro-longed load shedding hours, the Commission has no choice but to approve the operation of these four power stations outside the merit order to an extent of 238.62 million units for the month of November, 2012, which quantum has been indicated as actual dispatch.

**4. 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