

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.47 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

Date of hearing : 13-12-2012 & 31-1-2013

Date of order : 28-03-2013

The above M.P.No.47 of 2012 came up before the Commission on 31-1-2013. 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.47 of 2012:-

The prayer of the petitioner in M.P.No.47 of 2012 is to approve the dispatch of power from the high cost Independent Power Producers outside the merit order for

the month of December 2012 as mentioned in para 6 (column 2) which is reproduced below:-

Name of the IPP	Power proposed to be purchased during the month of December 2012 in MU
M/s.GMR	90
M/s.SPIC	67
M/s.MPC	67
M/s.PPN	246
Total	470

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 their scheduled commissioning dates.

(d) The forecast demand for the month of December 2012 during peak hours is 12,500 MW. However, the forecast availability from all the sources is only 7,555 MW, leaving a deficit of 4,945 MW.

(e) Due to the shortage of power and to meet the demand, the high cost IPPs are being dispatched. It is proposed to purchase the quantum of power from the high cost IPPs for the month of December 2012 as set out in para 1 above.

3. Findings of the Commission:-

This petition is filed by M/s. TANGEDCO on 7-12-2012 for approval and ratification for operating power plants of M/s. GMR, M/s. SPCL, M/s. MPCL, and M/s. PPN outside the Merit Order for the month of December 2012. The petitioner has also filed an affidavit on 22-1-2013 in this petition.

The petitioner has submitted that in view of the failure of South West and North East Monsoons and very poor storage in the Hydro Reservoirs due to lower hydro inflows, hydro generation has been drastically affected. The petitioner has also stated that there were delays in commissioning of State owned projects, joint venture projects and central sector projects. In view of this, the petitioner has submitted that these high cost IPPs will have to be dispatched as follows during December 2012.

Name of the IPP	Power proposed to be purchased during the month of December 2012 in MU
M/s. GMR	90
M/s. SPC	67
M/s. MPC	67
M/s. PPN	246
Total	470

This petition was heard on 13-12-2012 and the Commission has raised specific queries regarding:

- a) How the additional expenditure for procuring this power will be met.
- b) 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.
- c) Whether this additional expenditure can be borne by the Government so that the additional burden need not be passed on to the consumers.

By an affidavit dated 22-1-2013, the petitioner has clarified that it was not possible for them to supply this power as reliability power to consumers.

Petitioner further clarified that they have taken up the matter with the Government of Tamil Nadu for sanction and release of a sum of Rs.500 crores exclusively to meet out the excess cost of power purchase and further stated that this additional expenditure for purchase of power from high cost IPPs will be included in the ARR for the year 2012-13.

After going through the submissions and hearing the arguments of CE/PPP, TANGEDCO, the Commission is of the view that there is a need to expedite the commissioning of ongoing projects.

Perusal of the details of dispatch of the four liquid fuel power stations outside the merit order indicates that upto November, 2012 approximately 2100 MUs was

dispatched at a weighted average variable charge of Rs.9.52 per Kwhr. Compared to the average rate of realization of Rs.5/- per Kwhr, the additional expenditure to TANGEDCO on account of dispatch of these four power stations outside the merit order amounts to Rs.950/- crores during the period April, 2012 to November, 2012. The Commission had stipulated the condition of merit order dispatch in its Tariff Order dated 30th March 2012 duly taking into account the commissioning schedule of various ongoing projects, financial condition of TANGEDCO and finalized the Tariff Order and the Retail Tariff. Additional use of generation from the liquid fuel power stations outside the merit order would only increase the revenue gap as indicated above. TANGEDCO had sought operation of these power stations because of the delay in commissioning of the ongoing power projects, lack of transmission corridor for procurement of power from outside the region, non- availability of power from within the southern region and heavy load shedding that has been taking place within the State of Tamil Nadu. Considering the constraints indicated above and the heavy load shedding lasting for many hours within the State, the Commission has no other choice but to approve the operation of the four liquid fuel power stations under consideration in this petition to the tune of 266.128 million units, as confirmed during the hearing held on 31-1-2013 by CE/PPP, TANGEDCO. The Commission therefore approves actual dispatch of 266.128 million units for the month of December, 2012 outside the merit order as against the petitioned quantum of 470 million units.

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