

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

PRESENT:-

Thiru S.Akshayakumar Chairman

and

Thiru.G.Rajagopal Member

M.P.No.41 of 2014

Tamil Nadu Generation and Distribution Corporation Ltd.
144, Anna Salai
Chennai – 600 002.

... Petitioner
(Thiru P.Gunaraj, Standing
Counsel for Petitioner)

Vs.

Nil

.... Respondent

Dates of hearing : 22-12-2014 & 27-04-2015

Date of order : 28-01-2016

The M.P.No.41of 2014 filed by TANGEDCO came up for final hearing on 27-04-2015. The Commission upon perusing the above petition and the connected records and after hearing the submissions of the Petitioner passes the following order:-

ORDER

1 Prayer of the Petitioner in M.P.No.41 of 2014:-

The prayer of the Petitioner in M.P.No.41 of 2014 is-

- (a) to accord approval to float the tender for procurement of short term power of 3000 MW RTC pending approval of the Commission in view of urgency arising consequent to power scenario emerging in the context of allocation of corridor to Southern Region from other Regions.

- (b) to accord approval for having floated tender for the purchase of 3000 MW RTC power for a period from October 2014 to September 2015 by incorporating the following deviations:-
 - (i) to modify the billing cycle as monthly billing.
 - (ii) to fix EMD of Rs.5.00 lakhs irrespective of quantum and sources of power offered as notional EMD.
 - (iii) to delete payment security clause and contract performance guarantee clause in lieu of each other.
 - (iv) to have TN periphery as delivery point.
 - (v) to fix the validity of the tender as 30 days excluding the date of bid submission.
- (c) to accord approval for procurement of power of 3000 MW (1200–1500 MW from Intra State and 1500 MW Inter State) under this proposed Tender No.06 -2014 and for the period from October 2014 to September 2015 ; and
- (d) to pass any other orders as the Commission may deem fit in the interest of justice in the facts and circumstances of the present case.

2. Contentions of the Petitioner:-

2.1. Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) is engaged in the business of Generation and Distribution activities and is the distribution licensee in the State of Tamil Nadu for distribution of electricity to various categories of consumers in the State and if so required to avail electricity from various sources such as its own generating stations, and purchase of power from its share from various Central Generating Stations, Independent Power Plants, Captive

Power Plants, wind generators, Co-generation Plants, Bio-mass plants through traders, power exchanges etc.

2.2. The quantum of power required to meet the unrestricted demand of power in Tamil Nadu is around 13,000 MW. The power available from various sources to the Petitioner is in the order of 10,300 MW, resulting in severe shortage of supply to meet the requirements in the order of about 3000 MW. The demand supply gap could not be reduced with available capacity and further capacity addition is anticipated only after 3 years. Long Term Access for power tied up under Case I bidding has not been fully allocated.

2.3. The demand of electricity in Tamil Nadu is steadily increasing and all time high demand 13775 MW was met on 24-06-2014 and all time high consumption of 293.969 MU supplied on 20-06-2014. A quantum of 500 MW has been tied up with interstate traders through Case I bidding for a period of 5 years. Among the three MTOAs, one MTOA for 200 MW expires on 30-11-2015, second MTOA for 200 MW expires on 31-12-2015 and the third MTOA for 100 MW expires on 31-05-2016.

2.4. 3330 MW of power under Case 1 bidding was tied up for 15 years. Out of this, only 224 MW of power is realized now. (74 MW from Tamil Nadu & 150 MW from Chhattisgarh). Though new Sholapur-Raichur 765 kV DC and some of the Associated Transmission Systems have been commissioned, PGCIL is yet to grant LTA for full applied quantum of 2158 MW to TANGEDCO.

2.5. The proposed capacity additions in the year 2014 (Joint Venture between Neyveli Lignite Corporation Ltd and TNEB Ltd–387 MW and Kudankulam Atomic Power Station-Unit II – 463 MW) are getting delayed for various reasons.

2.6. All the constituents of Southern Region viz. Kerala, Tamil Nadu, Telangana and Andhra Pradesh are in power deficit. It is expected that power available from Intrastate will be around 1200-1500 MW and tender response from Interstate is expected to be around 1500 MW. Eventhough TANGEDCO had contracted about 1800 MW from interstate sources for the period from June 2013 to May 2014, the maximum quantum obtained was about 200 MW for few days and TANGEDCO did not get any power from January to April 2014.

2.7. After commissioning of all identified Associated Transmission Systems of Sholapur-Raichur lines, some residual corridor is likely to be allocated for short term transaction. Any margin available for short term open access will be allocated prorata. Hence, it is proposed to contract upto 1500 MW from interstate generators / traders so that TANGEDCO gets at least 50% of available STOA margin on prorata allocation as the deficit of other States in Southern Region is about 1500 MW.

2.8. The projected demand, availability and deficit are as below:-

1. Thermal		
i)	NCTPS (3*210)	630 MW
ii)	MTPS (4 X 210)	840 MW
iii)	TTPS (5 X 210)	1050 MW
iv)	NCTPS Stage II (2x600)	1200 MW
v)	MTPS Stage III	600 MW
Total for Thermal		4320 MW
2. Gas		
i)	Koil Kalappal	107.88 MW
ii)	Kuttalam	101 MW

iii)	Vazhudur Phase I	95 MW
iv)	Vazhudur Phase II	92 MW
Total for Gas		396 MW
3. IPPs		
i)	STCMS	250 MW
ii)	Lanco	120 MW
iii)	Penna	71.6 MW
Total for IPP		442 MW
4. Total CGS		4417 MW
5. Power purchase under MTOA		500 M W
6. Power purchase under LTA		224 M W
7. Total availability		10299 MW

The generation from wind mills and high cost IPPs such as GMR, PPN, SPCL and MPCL are not accounted because of the high cost of the above and IPPs and the infirm nature of wind generation. Hydro stations are to be kept as spinning reserve and also for running as per irrigation requirement.

2.9. To bridge the prevailing and anticipated deficit from October onwards, a fresh tender namely Tender 06-2014 has to be floated for procurement of 3000 MW RTC power for the period October 2014 to September 2015.

2.10. In the previous year TANGEDCO sought approval for deviations in the short term tender floated (Tender No.5 of 2012) in respect of billing cycle from weekly to monthly, deletion of payment security clause viz opening of Letter of Credit, deletion of Contract Performance Guarantee clause, collection of fixed EMD irrespective of quantum and considering TN periphery as delivery point. The Commission has approved the above deviations.

2.11. The guidelines of GOI as prescribed and deviations / modification in the GOI guidelines sought for in the petition are as stated below:-

Sl. No.	Guideline of GOI	Details of terms and conditions to be incorporated in NIT in deviation of the guideline
1	Bidders may raise bills on weekly basis or at the end of the contract period for the energy scheduled.	Supplier may raise monthly bill followed by REA based final monthly bill for interstate generator and in case of intrastate generators, the billing will be on monthly basis based on JMR
2	<p>a) The procurer may be required to provide revolving Letter of Credit equivalent to 100% of the weekly energy corresponding to contracted capacity at the tariff indicated in PPA. LC shall be opened prior to commencement of supply of power.</p> <p>b) The successful bidder may be required to furnish CPG within 7 days from the date of selection as successful Bidder.</p>	TANGEDCO will not insist CPG vis-à-vis bidder shall not insist LC from TANGEDCO i.e. LC clause and CPG clause in lieu of the other will stand deleted.
3	For inter-state transmission of power, state / regional periphery of the seller to be taken as Delivery Point.	For inter-state transmission of power, TN periphery will be taken as delivery point.
4	<p>(a) The bidder may be required to submit EMD of Rs.30,000/- per MW per month of offered capacity.....</p> <p>(d) The EMD of the successful bidders should be refunded after furnishing Contract Performance Guarantee.</p>	Rs.5.00 lakhs irrespective of quantum and sources of power offered as notional EMD for generators / traders, and EMD will be refunded after completion of the contract satisfactorily.

5	The PPA shall be signed with the selected bidder(s) consequent to the selection process.	The LOA issued to the successful bidder itself shall be deemed as having entered into an agreement for purchase of contracted power for the duration / period as mentioned in the LOA.
6	Validity period of offer of Bidder shall be 10 days from the date of bid opening.	Validity of tender shall be 30 days excluding date of bid submission.

2.12. The Petitioner will approach the Commission on finalizing the tender with the offered quantum and rate offered by the bidder etc. for tariff adoption and approval of the Commission.

3. Findings of the Commission:-

3.1. The prayer of the Petitioner, TANGEDCO in the present petition are as follows:

- a) to accord approval to float the tender for procurement of short term power of 3000 MW RTC pending approval of the Commission in view of urgency arising consequent to power scenario emerging in the context of allocation of corridor to Southern Region from other Regions.
- b) to accord approval for having floated tender for the purchase of 3000 MW RTC power for a period from October 2014 to September 2015 by incorporating the following deviations:-
 - i) to modify the billing cycle as monthly billing.
 - ii) to fix EMD of Rs.5.00 lakhs irrespective of quantum and sources of power offered as notional EMD.

- iii) to delete payment security clause and contract performance guarantee clause in lieu of each other.
 - iv) To have TN periphery as delivery point.
 - v) To fix the validity of the tender as 30 days excluding the date of bid submission.
- c) to accord approval for procurement of power 3000 MW (1200-1500MW from Intra State and 1500 MW Inter State) under this proposed Tender No.06/2014 and for the period from October 2014 to September 2015; and
- d) to pass any other orders as the Commission may deem fit in the interest of justice in the facts and circumstances of the present case.

3.2. In respect of the first prayer, TANGEDCO has stated that the tender for short term power purchase has been floated as there is a continuous demand for electricity in Tamil Nadu and the demand is steadily increasing. Further, the power procurement from MTOA for 500 MW expires in stages i.e. one MTOA for 200 MW expired on 30-11-2015, second MTOA for 200 MW expired on 31-12-2015 and the third MTOA for 100 MW expires on 31-05-2016. It has been stated that even though a capacity of 3330 MW of power under Case I bidding has been tied up for 15 years, only 224 MW of power has been realized till the date of filing of the petition (74 MW from Tamil Nadu and 150 MW from Chattishgarh). It has been stated that though new Sholapur-Raichur 765 KV DC and some of the Associated Transmission Systems have been commissioned, PGCIL is yet to grant LTOA for full applied quantum of 2158 MW to TANGEDCO. Due to delay in capacity addition in the year 2014 (Joint Venture between Neyveli Lignite Corporation Ltd. and TNEB

Ltd.–387 MW and Kudankulam Atomic Power Station-Unit-II–463 MW) and due to all the constituents of Southern Region viz. Kerala, Tamil Nadu, Telangana and Andhra Pradesh are in power deficit the power purchase through Short term becomes inevitable.

3.3. The reasons stated by the TANGEDCO have been carefully examined and the same has been accepted by the Commission. Accordingly, the Commission approves the proposal for power purchase on Short term basis of 3000 MW RTC for the period from October 2014 to September 2015.

3.4. In their second prayer, the petitioner has also sought approval from the Commission for deviations/modifications from the guidelines of GOI. As a special case, the Commission approves the following deviations in respect of the present tender alone, viz.

- a) Supplier may raise monthly bill followed by REA based final monthly bill for interstate generator and in case of intrastate generators, the billing will be on monthly basis based on JMR.
- b) Contract Performance Guarantee may be furnished when TANGEDCO provides the Letter of Credit as a backup payment mechanism.
- c) For inter-state transmission of power, TN Periphery shall be taken as delivery point.
- d) For depositing EMD, Rupees five lakhs may be collected as notional EMD irrespective of quantum and sources of power offered

and EMD shall be refunded after completion of the contract satisfactorily.

- e) The LOA issued to the successful bidder itself shall be deemed as having entered into an agreement for purchase of contracted power for the duration / period as mentioned in the LOA and
- f) The validity of tender shall be 30 days excluding the date of bid submission.

3.5. The third prayer is for approval of power procurement of 3000 MW (1200-1500MW from Intra State and 1500 MW Inter State) under this proposed Tender No.06/2014 and for the period from October 2014 to September 2015.

In this case, Commission approves the short term power purchase from the inter-state and intra-state traders/generators as it has been stated by TANGEDCO that after commissioning of all identified Associated Transmission Systems of Sholapur-Raichur lines, some residual corridor is likely to be allocated for short term transaction. Any margin available for short term open access will be allocated prorata. Further, TANGEDCO has stated that they propose to contract 1500 MW capacity Inter-state power so that TANGEDCO gets at least 50% of STOA margin on prorata allocation as the deficit of other states in Southern Region is about 1500 MW. As the power supply by the Intra-State generators can be relied upon as it is within the system and also due to ensured power supply, Commission approves the power purchase from the Intra-State generators for 1200MW-1500 MW for the period from October 2014 to September 2015.

3.6. Finally, Commission directs that in future, TANGEDCO should ensure that approval for any deviation is obtained well in advance before going in for any power purchase either Long Term or Short Term.

4. Appeal:-

An appeal against this order shall lie before the Appellate Tribunal for Electricity under section 111 of the Electricity Act, 2003 within a period of 45 days from the date of receipt of a copy of this order by the aggrieved person.

(Sd.....)
(G.Rajagopal)
Member

(Sd.....)
(S.Akshayakumar)
Chairman

/ True Copy /

Secretary
Tamil Nadu Electricity
Regulatory Commission