

September 2015 from the successful Inter-State traders in respect of Tender 06-2014 at the rate below Rs.5.00/- per unit (Landed cost at TN periphery).

- (b) For approval and adoption of tariff towards the procurement of around 1393 MW of RTC power (11572 MU approximately) from the Intra-State generators at a rate of Rs.5.50 per unit in respect of Tender 06-2014.
- (c) For approval and ratification of the minor deviation in terms and conditions of supplying power for part of contract period for having issued LOA to 6 Bidders at Rs.5.50 per unit.

2. Contentions of the Petitioner in the P.P.A.P.:-

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 Tamil Nadu. The electricity so required is procured from various sources such as its own generating stations, purchase of power from its share from various Central Generating Stations, Independent Power Plants, Captive Power Plants, wind generator, Co-generation plants, Bio-mass plants, purchase of power through traders and power exchanges etc.

2.2. The quantum of power required to meet the unrestricted demand of power 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 power 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 State 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. To meet the deficit of around 3000 MW, a M.P.No.41 of 2014 was filed before the Commission on 19-08-2014 by intimating the floating of Short Term Tender as per MoP guide lines and seeking approval for some deviations.

2.4. A Short Term Tender No.06-2014 dated 19-08-2014 was floated, published in dailies on 20-08-2014 and opened on 27-08-2014. The approval for tender process / purchase of power was accorded by Board in its 50th Board Meeting held on 28-08-2014. Thirty eight (38) Bidders submitted their bids in this tender. All the bids were opened and taken for evaluation. The list of participants who have participated in the tender is as below:-

Sl. No.	Name of the Bidder
1.	The Ramco Cements Ltd.
2	Tamil Nadu Newsprint and Papers Ltd.
3	ARS Metals Pvt. Ltd.
4	Chemplast Sanmar Ltd.
5	SKI Carbon Black (India) Pvt. Ltd.
6	The India Cements Ltd
7	Coromandel Electrical Co Ltd.
8	Ind-Barath Powergen Ltd.
9	Arkay Energy (Rameswaram) Ltd.
10	Raghu Rama Renewables Energy Ltd.
11	Ind-Barath Thermal Power Ltd.
12	Ind-Barath Energy (Thoothukudi) Ltd.
13	Malco Energy Ltd.
14	Sesa Sterlite Ltd.
15	MMS Steel & Power Pvt. Ltd.
16	Dalmia Cements (Bharat) Ltd.

17	TCP Ltd.
18	Servalakshmi Paper Ltd.
19	Padmaadevi Sugars Ltd.
20	Empee Sugars & Chemicals Ltd.
21	Basudha Udyog Pvt. Ltd.
22	PTC India Ltd.
23	Manikaran Power Ltd.
24	Global Energy Pvt. Ltd.
25	Kamachi Sponge & Power Ltd.
26	Saheli Exports Pvt Ltd.
27	Chettinad Cements Corporation Ltd.
28	OPG Power Generation Pvt.Ltd.
29	OPG Energy Pvt. Ltd.
30	OPG Renewable Energy Pvt. Ltd.
31	Sakthi Sugars Ltd.
32	Suryadev Alloys & Power Pvt. Ltd.
33	Sai Regency Power Corporation Ltd.
34	NVVN Ltd
35	Shree Power Trading Ltd.
36	Jindal Power Ltd.
37	Tulsyan NEC Ltd.
38	Essar Electric Power Development Corporation Ltd.

2.5. The inter-state bidders have quoted for total quantum of about 948 MW RTC power for the entire contract period with tariff ranging from Rs.4.39 to Rs.7.75. The intra-state bidders have offered a total quantum of 1220 MW for the entire contract period at a tariff ranging from Rs.5.25 to Rs.7.00. Some bidders (inter-state & intra-state) have offered power of 612 MW for a part of the contract period.

2.6. M/s.NVVN was discovered as L1 with their quoted rate of Rs.4.39 per unit for the source SSL in Odisha. M/s.NVVN was addressed for further reduction of the quoted rate for SSL in Odisha and for acceptance of all the terms and conditions of the tender vide letter dated 30-08-2014. M/s.NVVN has accepted the terms and conditions vide their letter dated 01-09-2014, but not reduced their quoted rate as the generators were not willing to reduce. Thus L1 rate emerged is Rs.4.39 per unit.

2.7. Other bidders were also addressed to match their rate with L1 rate. Two inter-state bidders and four intra-state bidders (total 6) have reduced their rate, but no one has matched their rate with L1 rate. The intra-state bidders have informed that the L1 rate is from the inter-state source and it is the source from outside Southern Region which is subject to the availability of transmission corridor. Further, they have informed that there is huge shortage of power in Southern Region and the market rate is high and hence requested to offer a better rate. In order to finalise the inter-state bids and give time to apply advance STOA for October 2014, it was decided to finalise the inter-state bids and to deal the intra-state bids separately.

2.8. The offered quantum by the inter-state bidders for the entire contract period is 948 MW RTC and 398 MW RTC for a part of contract period, thus totaling to 1346 MW. Final rate emerged after negotiation is ranging from Rs.4.39 to Rs.7.75 (landed cost at TN periphery). It becomes imperative that LOAs can be issued only under differential rates. In the previous year, the Commission, in its order for PPAP No.04 of 2013 for inter-state bids has adopted the tariff as quoted by various bidders which does not exceed Rs.5.00 per unit, which is the landed cost at TN Periphery. Similarly in the same line, in this tender, the rates upto Rs.5.00 per unit (at TN Periphery) were considered and issued LOAs with the approval accorded by the Board on 09-09-2014.

2.9. To book the STOA corridor in advance and avail the maximum share of power under pro-rata allocation against advance applications, the LOA to the following bidders within the limit Rs.5.00 per unit at TN Periphery for the months from October 2014 to September 2015 has been issued:-

Sl. No.	Name of the bidder and source	Quoted price in Rs.	Price after negotiation in Rs.	Quantum in MW	Ranking
1	NVVN – M/s.Sesa Sterlite, Odisha in ER	4.39	4.39	200	L1
2	Essar Electric Power – M/s.Essar Power, MP – WR	4.63	4.52	173	L2
3	Shree Cements – M/s.Sesa Sterlite, Odisha in ER	4.59	4.59	100	L3
4	Jindal Power Ltd – JPL, Chattisgarh-WR	4.81	4.81	300	L4
		Total quantum		773	

2.10. The rate of Rs.5.25 per unit quoted by M/s.TNPL was the lowest among intra-state generators. In response to the request to match the L1 rate of Rs.4.39 per unit, M/s.TNPL replied that considering the capital cost of new unit and operating expenses it will be very difficult to match the L1 rate. However, TNPL stated that in view of their long term association with TANGEDCO, it would like to revise the offer rate to Rs.5.20 per unit. All Bidders offering power from Tamil Nadu sources were again addressed to match the TNPL rate of Rs.5.20 per unit. Ind-Barath Energies, Raghu Rama Renewable Energy and Global Energy Pvt. Ltd., a trader offering from three different sources in Tamil Nadu have expressed that the rate of Rs.5.20 per unit is not viable for them. M/s.OPG Renewable Energy did not respond. Rest of the Tamil Nadu source bidders expressed that the rate of Rs.5.20 per unit is not viable but reduced their quoted rate to Rs.5.50 per unit and informed that this rate is their final rate.

2.11. Considering the reliability of getting base load power from intra-state sources, non-availability of sufficient corridor from ER-SR, WR-SR and S1-S2 for STOA, Board has approved to fix a cap of Rs.5.50 per unit for the power sourced from Tamil

Nadu, to issue LOA to the Bidders who have offered to supply for the entire contract period and also the part of contract period and not to consider the Bidders who have not come within the benchmark limit rate of Rs.5.50 per unit. Among intra-state generators, six (6) bidders offered power only for part of the contract period which is a minor deviation from Terms and Conditions of Tender document, but reduced their rate to Rs.5.50 per unit. Considering the need of this power due to the less availability of corridor for inter-state sources, TANGEDCO issued LOA to the said six bidders and the Commission may approve and ratify the minor deviation and the action of TANGEDCO in having issued LOA to the said six bidders who offered power for part of the contract period.

2.12. The following intra-state generators were issued with LOA for purchase of 1393 MW of power as detailed hereunder:-

Sl. No.	Bidder / Source	Quantum in MW	Final negotiated rate in Rs.	Period of supply
1.	OPG Power Generation, Gummidipoondi	95	5.50	01-10-2014 to September'15
2	OPG Energy, Nagapattinam	5	5.50	01-10-2014 to September'15
3	SKI Carbon Black, Gummidipoondi	16	5.50	01-10-2014 to September'15
4	India Cements, Tirunelveli	10	5.50	01-10-2014 to September'15
5	Ind-Barath Powergencom, Tuticorin	135	5.50	01-10-2014 to September'15
6	Malco Energy Ltd., Metturdam	116	5.50	01-10-2014 to September'15
7	Sesa Sterlite Ltd., Thoothukudi	105	5.50	01-10-2014 to September'15
8	MMS Steel & Power, Nagapattinam	10	5.50	01-10-2014 to September'15
9	Dalmia Cement (Bharat) Dalmiapuram, Trichy	10	5.50	01-10-2014 to September'15
10	Dalmia Cement (Bharat) Ariyalur	10	5.50	01-10-2014 to September'15
11	TCP Ltd., Gummidipoondi	23	5.50	01-10-2014 to September'15

12	Chettinad Cements, Karikall, Dindigul	29	5.50	01-10-2014 to September'15
13	Chettinad Cements, Ariyalur	17	5.50	01-10-2014 to September'15
14	Chemplast Sanmar Ltd., Metturdam	7	5.50	01-10-2014 to September'15
15	Ind-Barath Thermal, Unit I, Tuticorin	107.5	5.50	01-10-2014 to September'15
16	RAMCO Cements, Ariyalur	30	5.50	01-10-2014 to September'15
17	RAMCO Cements, Alathiyur	10	5.50	01-10-2014 to September'15
18	RAMCO Cements, Virudhunagar	5	5.50	01-10-2014 to September'15
19	Servalakshmi Paper, Tirunelveli	5	5.50	01-10-2014 to September'15
20	Sakthi Sugars Ltd., Poonduraisemur, Erode	21.5	5.50	01-10-2014 to September'15
21	Sakthi Sugars Ltd., Appakudal, Erode	27.5	5.50	01-10-2014 to September'15
22	A.R.S.Metal, Gummidipoondi	18	5.50	01-10-2014 to September'15
23	Surya Dev Alloys, Gummidipoondi	20	5.50	01-10-2014 to September'15
24	Tulsyan NEC Ltd., Gummidipoondi	15	5.50	01-10-2014 to September'15
25	Coromandel Electric Company, Ramanathapuram	10	5.50	01-10-2014 to September'15
26	Saheli Exports, Nagapattinam	5	5.50	01-10-2014 to September'15
27	Empee Sugars & Chemicals, Tirunelveli	35	5.50	01-10-2014 to September'15
28	Arkay Energy, Ramnad	120	5.50	01-10-2014 to September'15
29	Padmaadevi Sugar Ltd., Kanchipuram	16	5.50	01-10-2014 to September'15
30	Kamachi Sponge & Power, Gummidipoondi	21	5.50	01-10-2014 to September'15
31	Sai Regency Power Ramanathapuram	10	5.50	01-10-2014 to September'15
32	Tamil Nadu Paper Mills Ltd., Kakithapuram, Karur	7	5.20	22-10-2014 to September'15
33	OPG Power Generation, Gummidipoondi	160	5.50	Feb.2015 to Sep. 2015
34	Sakthi Sugars Ltd.,Sivaganga	28	5.50	Nov. 2014 to Sep.2015
35	Tulsyan NEC Ltd., Gummidipoondi	20	5.50	Jan 2015 to Sep 2015

36	Basudha Udyog Pvt. Ltd., Gummidipoondi	6	5.50	Mar 2015 to Sep 2015
37	Ind-Barath Thermal, Unit II, Tuticorin	107.5	5.50	18-10-2014 to Sep. 2015
TOTAL		1393 MW		

3. Findings of the Commission:-

3.1. The prayer of the Petitioner (TANGEDCO) in the above P.P.A.P. is as follows:

- a) For approval and adoption of tariff towards the procurement of around 773 MW of RTC power (6771.48 MU approximately) from 1st October 2014 to 30th September 2015 from the successful Inter-State traders in respect of Tender No.06-2014 at the rate below Rs.5.00 per unit (Landed cost at TN periphery).
- b) For approval and adoption of tariff towards the procurement of around 1393 MW of RTC power (11572 MU approximately) from the Intra-State generators at a rate of Rs.5.50 per unit in respect of Tender No.06-2014.
- c) For approval and ratification of the minor deviation in terms and conditions of supplying power for part of contract period for having issued LOA to 6 Bidders at Rs.5.50 per unit.

3.2. With regard to the **first prayer** as to approval and adoption of tariff towards the procurement of power around 773 MW of RTC Power from 1st October 2014 to 30th September 2015, the rate offered by the bidders are under Rs.5.00 per unit at TN periphery. In respect of power procurement from the Inter-state traders, 773 MW capacity of power has been secured and it is seen that the rate at which the same can be procured from the Inter-State trader is between Rs.4.39 per unit to Rs.4.81 per unit. Keeping in view the contents of the petition as well as the reasons explained during the hearing, the Commission adopts the negotiated rate filed in the Petition for the power purchase from the inter-state traders / generators.

Keeping the landed cost at up to Rs.5.00 per unit, the quantum of power purchase shall be regulated based on the corridor availability in the inter-state system.

3.3. In respect of the **second prayer** as to approval and adoption of tariff towards procurement of power around 1393 MW of RTC power (11572 MU approximately) from the Intra-State generators at a rate of Rs.5.50 per unit in respect of Tender No.06-2014, it is observed that in view of availability of corridor between the Southern region and other regions of the country being very limited and the attempts being made by various utilities in the southern region to procure power from within State by way of harnessing power from local generators, captive power plants, etc. and in view of assured availability of 1393 MW, the Commission adopts, the negotiated rate offered by the bidders at Rs.5.50 per unit and the same shall not involve any further transmission costs.

3.4. The **third prayer** in the present petition is for approval of minor deviation from the Terms and Conditions of Tender document as to issuing of LOA to the six bidders who have offered for part of contract period. It is seen that this deviation cropped up after opening of tender.

It is pertinent to mention here that in M.P.41 of 2014, the Commission has approved short term power purchase from the Inter-state and Intra-state traders/generators for a quantum of 3000 MW RTC power for the period from October 2014 to September 2015 in Tender No. 6 of 2014 with certain deviations as requested.

3.5. The present PPAP 5 of 2014 is in continuation to the M.P.41 of 2014. In the present petition, the TANGEDCO has also sought approval for deviation from the Terms and Conditions of the Tender document as to issuing LOA to the six bidders who have quoted for a part period. Those bidders are intra-state generators. It is stated by TANGEDCO that like other intra-state generators who have offered for supply of power for the full period mentioned in the tender, these six bidders also have accepted to the negotiated rate of Rs.5.50 per unit. As the supply from these six bidders can be utilized by TANGEDCO as the power plants are located within Tamil Nadu and considering the power situation in Tamil Nadu, as a special case, this deviation is being approved and ratified by the Commission now. In future, TANGEDCO should ensure that approval for any deviation should be obtained in advance.

With the above Orders, the P.P.A.P 5 of 2014 is disposed off.

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