

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
Thiru.G.Rajagopal	Member
and		
Dr.Thiru T.Prabhakara Rao	Member

M.P.No.14 of 2016

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

... Petitioner
(Thiru M.Gopinathan
Standing Counsel for TANGEDCO)

Vs.

Nil

... Respondent

Date of hearing: **28-06-2016**

Date of Order: **01-08-2016**

The M.P.No.14 of 2016 came up for hearing on 28-06-2016. The Commission upon perusal of the Petition and after hearing the submissions of the Petitioner hereby makes the following:

ORDER

1. Prayer of the Petitioner in M.P. No.14 of 2016:-

The prayer of the Petitioner in the above in M.P.No.14 of 2016 is-

- (i) to condone the delay in filing the petition.
- (ii) to ratify and approve the dispatch of power made from M/s.Samalpatti Power Corporation (P) Limited (Power Purchase Agreement expired on 29-02-2016), M/s.Madurai Power Corporation (P) Limited and M/s.PPN Power Generating Company (P) Limited for the fourth quarter of 2015-16 (for the months of January

2016, February 2016 and March 2016) as mentioned in Para 9 (column 2,3 &4) and pass such other orders as deemed fit.

2. Contentions of the Petitioner:-

2.1. Based on the norms contained in the Notification dated 30-03-1992 of Government of India, TANGEDCO has signed Power Purchase Agreements (PPA) with M/s.Samalpatti Power Corporation (P) Limited, (SPCL), M/s.Madurai Power Corporation (P) Limited (MPCL) and M/s.PPN Power Generating Company (P) Limited (PPN) along with other power generators for purchase of power from their power projects under Memorandum of Understanding route and has been dispatching the IPPs as per the terms of the PPA.

2.2. By order dated 15-03-2003 in disposal of Tariff Petition No.T.P.No.1 of 2002, the Commission had introduced the principle of Merit Order Dispatch (MOD) for purchase of power from the generators, wherein the cheapest source of power is dispatched to the maximum possible extent, and only after cheaper sources of power are exhausted, the costlier sources are dispatched.

2.3. The Commission in its Tariff Order No.1 of 2012 dated 30-03-2012 (effective from 01-04-2012), has ranked generating stations getting dispatched under Merit Order on the basis of variable cost of such power plants. The Commission has allowed only fixed cost for the power plants which are not scheduled as per Merit Order Dispatch.

2.4. The IPPs (which are using liquid fuels such as LSHS, LSFO or Naphtha), namely SPCL, MPCL and PPN are not listed under the Merit Order Ranking of the

Commission. To dispatch power from these plants, whenever required to meet the grid demand, petitions were being filed before the Commission seeking approval / ratification from time to time, as per the directives contained in the tariff orders.

2.5. In its Suo-Motu Order No.9 of 2014 dated 11-12-2014, the Commission approved the Merit Order Ranking of the available energy sources for the year 2014-15 vide Clause 4.136. Also, vide clause 4.137 of the order, the Commission has allowed fixed cost as per Regulations or PPA for the power plants which are not scheduled as per MOD. Further, TANGEDCO was directed to take prior approval of the Commission before purchasing energy from unapproved sources.

2.6. The State Load Dispatch Centre (SLDC) is responsible for carrying out real time operations for Grid control and dispatch of electricity within the State through secure and economic operation of the State Grid in accordance with the Grid standards and Grid Code.

2.7. Prior to commencement of the Fourth quarter of 2015-16, there was no proposal from SLDC to dispatch high cost IPPs and therefore necessity to take prior approval did not arise. The actual quantum of energy dispatched from the IPPs by SLDC during the Fourth quarter of 2015-16 is as detailed in the table below:-

Name of IPP	Power purchased during January 2016 in MU	Power purchased during February 2016 in MU	Power purchased during March 2016 in MU
MPCL	1.433	0.357	7.827
SPCL	0.928	10.091	0
PPN	0	0	47.748
Total	2.361	10.448	55.575

2.8. However, during the Fourth quarter of 2015-16, SLDC has dispatched SPCL (Power Purchase Agreement expired on 29-02-2016), MPCL and PPN due to sudden forced outages of TANGEDCO owned power plants and Central Generating Stations on various occasions and considerable increase in demand. Out of the 10.091 MU purchased from SPCL during the month of February 2016, a quantum of 9.834 MU was purchased at Rs.3.00 per unit at ex-bus to exhaust the available LSHS stock with SPCL, due to expiry of Power Purchase Agreement on 29-02-2016. Further MPCL was permitted to run at full load by SLDC to conduct Ambient Air Quality, Stack Monitoring and Noise Level Measurement as required by Tamil Nadu Pollution Control Board on 09-03-2016 and 10-03-2016.

2.9. SLDC has dispatched the IPPs to manage the grid during emergencies. The dispatches made from the IPPs not listed under Merit Order as per the orders of the Commission may therefore be ratified.

3. Findings of the Commission:-

3.1. We have heard the prayers of the Petitioner which are as below:

- i. to condone the delay in filing the petition.
- ii. to approve and ratify the dispatch of power made from M/s. Samalpatti Power Corporation (P) Ltd., M/s. Madurai Power Corporation (P) Ltd. and M/s. PPN Power Generating Company (P) Ltd. for the fourth quarter of FY2015-16 (for the months of January 2016, February 2016 and March 2016) as mentioned in Para 9 (column 2, 3 & 4).

3.2. TANGEDCO contended that there was no proposal from the State Load Dispatch Centre (SLDC) to dispatch power from high cost IPPs and therefore the

TANGEDCO did not take prior approval from the Commission for dispatching the high cost IPPs viz. M/s. SPCL, M/s. MPCL and M/s. PPN Power Generating Company (P) Ltd.(PPN) for the months of January 2016, February 2016 and March 2016. But on various occasions due to sudden forced outages of TANGEDCO's own power plants and Central Generating Stations, SLDC has dispatched Power from these IPPs.

3.3. It is further stated that out of 10.091 MU power purchased from M/s. SPCL during the month of February 2016, a quantum of 9.834 MU was purchased at Rs.3.00 per unit at ex-bus to exhaust the balance LSHS Stock available with SPCL, due to expiry of the PPA on 29-02-2016.

3.4. Further, TANGEDCO has also stated that M/s. MPCL was permitted to run at full load by SLDC to conduct Ambient Air Quality, Stack Monitoring and Noise Level Measurement as required by Tamil Nadu Pollution Control Board on 09-03-2016 and 10-03-2016. The Chief Engineer, TANGEDCO, in the Annexure to the Petition has submitted date wise dispatch instructions issued by SLDC and the reason for such power purchase from these IPPs.

3.5. In view of dispatch being made by SLDC to meet the sudden outages and dispatching the power from SPCL at a cost of Rs.3.00 per unit at ex-bus to exhaust the available fuel LSHS due to expiry of the PPA by 29-02-2016, it sounds reasonable and justified. In respect of MPCL, due to requirement of Tamil Nadu Pollution Control Board to conduct Ambient Air Quality, Stack Monitoring and Noise Level Measurement, on 09-03-2016 and 10-03-2016 SLDC issued dispatch instructions to MPCL to run the plant in full load. The running of the Plant to meet

the requirements of the Tamil Nadu Pollution Control Board is necessary as per law and Commission accepts the same. The SLDC has issued instruction to run the power plant of PPN due to outages of the TANGEDCO's own Power Plants and Central Generating Stations during March 2016 as in Annexure to the Petition, Commission accepts the reasons and approves and ratifies all the Power Purchase made from the above three IPPs for the above months.

3.6. Further, TANGEDCO has requested to condone the delay in filing the Petition stating the reason that SLDC did not anticipate any power purchase from the above IPPs and only in order to carry out the real time operations for Grid control and dispatch of electricity within the State for secure and economic operation of the State Grid in accordance with the Grid Standards and Grid Code, accepting the same the delay in filing the Petition is condoned.

3.7. Earlier, in the petitions filed by the Petitioner in M. P. Nos. 9, 10, 13, 14, 16, 28, 53, 72 and 81 of 2013 and M.P. Nos. 9 and 8 of 2014, seeking approval and ratification for dispatch of power from the high cost power producers outside merit order for the months from April 2013 to February 2014 from the above IPPs vide order dated 15-09-2014, the Commission has allowed the cost of power purchase only to the extent of the average rate of realization of the Petitioner and did not approve the excess cost of power purchased for the purpose of ARR.

3.8. In view of the above, in the present Miscellaneous Petition also, the Commission is taking the same decision in approving the power purchase cost from the above three IPPs' viz. M/s. SPCL, M/s. MPCL and M/s. PPN to the extent of

Average Rate of Realization for the purpose of ARR. The excess cost of power purchase is not approved for the purpose of ARR.

With the above Orders, the M.P.No.14 of 2016 is disposed of.

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)
(Dr.T.Prabhakara Rao)
Member

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

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

/ True Copy /

Secretary
Tamil Nadu Electricity
Regulatory Commission