

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

PRESENT:-

ThiruS.Akshayakumar	Chairman
Thiru.G.Rajagopal	Member
and		
Dr.T.PrabhakaraRao	Member

M.P.No.26 of 2016

Tamil Nadu Generation and Distribution Corporation Limited 144, Anna Salai, Chennai – 600 002.	... Petitioner (Thiru M. Gopinathan Standing Counsel for TANGEDCO)
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Nil	Vs.	...Respondent
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Dates of hearing: 16-11-2016 and 21-11-2016

Date of Order: 09-12-2016

The M.P.No.26 of 2016 came up for final hearing on 21-11-2016. 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.26 of 2016:

The prayer of the Petitioner in M.P.No.26 of 2016 is-

- (a) to procure 350 MW RTC power and 500 MW peak power (18:00 hrs to 23:00 hrs.) for the period from 1st February 2017 to 15th May 2017.
- (b) to float Tender No.TANGEDCO/SHORT/PP 8–2016 for the procurement of 350 MW RTC power and 500 MW peak power (18:00 hrs to 23:00 hrs) for the period from 1st February 2017 to 15th May 2017 through e-bidding portal (DEEP), as per the enclosed Tender Specification (Rfp).

2. Facts of the case:-

The Petitioner is filing this petition under para 4.1 of the Guidelines for short term procurement of power issued by Ministry of Power, Government of India (No.23/25/2011-R&R(Vol.III), dated 30-03-2016) seeking the approval of the Commission for floating tender for procurement of 350 MW RTC power and 500 MW Peak power (18:00 hrs. to 23:00 hrs.) for the period from 1st February 2017 to 15th May 2017.

3. Contentions of the Petitioner in the Affidavit:-

3.1. The demand of electricity in Tamil Nadu State is steadily increasing and an all time high demand of 15343 MW was met on 29-04-2016 and all time high consumption of 345.617 MU supplied on 29-04-2016. R & C in the State has been lifted with effect from 05-06-2015 and directions of the State Government issued under Section-11 of Electricity Act, 2003 has been revoked with effect from 01-06-2016.

3.2. The power position has been reviewed by TANTRANSOCO, the assessed Demand and availability during evening peak is as below:-

Sl. No.	Month	January 2017	February 2017	March 2017	April 2017	May 2017
1	Net Availability (sustained)	13130	13130	13690	14100	14600
2	Anticipated Demand	14100	15100	15500	15800	15500

- considering the utilization of only low cost IPPs.

Based on the above, indent has been given for procurement of 350 MW RTC and 500 MW for evening peak from 1st February 2017 to 15th May 2017. It is proposed to go in for above procurement through e-bidding and remaining requirement if any, will be procured through power exchanges on a day to day basis.

3.3. The present hydro storage is about 42% less than last year's storage. Around 810 MW (one 600 MW unit and one 210 MW unit) from thermal stations has been considered as infirm considering likely simultaneous outages. Wind generation will be meagre during January to March and expected to pick up only after April 2017. The second unit of 1000 MW Kudankulam Nuclear Power Station and 3 x 800 MW Kudgi STPP Stage-I are getting delayed. Moreover, Kudankulam Unit 1 is planned for overhaul for 60 days from end of December 2016 and it may be expected only after February 2017. Out of contracted capacity of 3330 MW under Long Term, there is short supply of about 350 MW from M/s. KSK Mahanadi and M/s.Jindal during this contract year 2016-17. Solar generation is available only during day time and hence solar generation is not considered for peak time.

3.4. Under these circumstances to meet the anticipated deficit of 350 MW RTC power and 500 MW evening peak power from 1st February 2017 to 15th May 2017, as identified by TANTRANSCO, procurement activities have to be initiated.

3.5. In view of above, a fresh short term tender (TANGEDCO/SHORT/PP08-2016) has to be floated for procurement of 350 MW RTC power and 500 MW peak (18:00 hrs to 23:00 hrs.) for the period 1st February 2017 to 15th May 2017. As mandated by Ministry of Power, this procurement will be done through e-bidding portal (DEEP).

3.6. The tender is called for with Tamil Nadu periphery as Delivery Point as per the MOP guidelines and tariff as all inclusive fixed price. The Petitioner, TANGEDCO will approach the Commission on finalizing the tender with the quantum and rate offered by the bidders, etc. for tariff adoption by the Commission.

4. Hearing held on 16-11-2016:-

In the hearing held on 16-11-2016, the petition has been admitted and the Petitioner has been directed to file an affidavit showing the following details on or before 18-11-2016:-

- (i) Demand forecast fortnightly from February 2017 to May 2017 for morning peak, evening peak and non-peak and off peak hours along with demand met during corresponding period last year.
- (ii) Similarly the availability of power during corresponding periods from various sources other than what is now proposed for.
- (iii) Likely availability of power in terms of cost and quantity of power that can be sourced from the exchanges during the proposed period.
- (iv) Specific mention of Deviations, if any, in the bid document against Ministry of Power Guidelines.

5. Affidavit of the Petitioner in terms of the order dated 16-11-2016:-

5.1. The Petitioner has filed an affidavit on 18-11-2016 specifying the details as received from SLDC in respect of items (i) and (ii) of para 4 above.

5.2. As regards the anticipated availability of power from exchanges, the following is submitted:-

Pan India Integrated transmission system is still not in place. Hence availability of power and demand will drive the power market. Exchange power is not a reliable source for RTC requirements. In cases of multiple outages and system contingencies, which are encountered quite frequently in a large system, procurement through exchanges can be restored to. The price in the exchange is not the same every day and varies even from block to block. Typical price discovery on a single day in the Day Ahead Market has also been furnished in respect of 17-11-2016.

5.3. The Petitioner has stated that TANGEDCO was able source upto a maximum of 400 MW at a price of Rs.4.60/unit in a particular time block during April 2016. The average price of exchange power in April 2016 to TANGEDCO was Rs.4.64 per unit. Whereas during October 2016, TANGEDCO was able to source upto a maximum of 600 MW at a price of Rs.4.13/Unit in a particular time block. The average price of exchange power to TANGEDCO in October 2016 was Rs.3.50 per unit. Since functioning of power exchange is market based, availability quantum and price at a later date cannot be predicted.

5.4. As regards deviations to the guidelines, the Petitioner has submitted as follows:-

5.4.1. As per clause 6.4 (vi) (d) of the guidelines bidders may submit bills on weekly basis or at the end of the contract period. The guidelines under clause 3.5 provide for one or more bids under one event. Clause 7.5 of the guidelines provides that an event may have requirement of power at different time and period. Since TANGEDCO proposes to invite bids on monthly basis for the proposed period of 01-02-2017 to 15-05-2017, for better participation from the bidders. A month becomes a contract period and therefore payment on monthly basis is considered:-

Sl. No.	Period	Timings in hrs.	Quantum in MW	Minimum Bid Quantum in MW	Delivery Point
1	01-02-2017 to 28-02-2017	0:00 to 24 hrs.	350	10	Tamil Nadu State Periphery
2	01-03-2017 to 31-03-2017	0:00 to 24 hrs.	350	10	Tamil Nadu State Periphery
3	01-04-2017 to 30-04-2017	0:00 to 24 hrs.	350	10	Tamil Nadu State Periphery
4	01-05-2017 to 15-05-2017	0:00 to 24 hrs.	350	10	Tamil Nadu State Periphery

5	01-02-2017 to 28-02-2017	18:00 to 23 hrs.	500	10	Tamil Nadu State Periphery
6	01-03-2017 to 31-03-2017	18:00 to 23 hrs.	500	10	Tamil Nadu State Periphery
7	01-04-2017 to 30-04-2017	18:00 to 23 hrs.	500	10	Tamil Nadu State Periphery
8	01-05-2017 to 15-05-2017	18:00 to 23 hrs.	500	10	Tamil Nadu State Periphery

5.4.2. As in the past, Tender processing fee of Rs.5000/- per bidder is prescribed in the Rfp to meet out the petition filing fee and other incidental expenses of TANGEDCO though not contemplated in the MOP guidelines. However, TANGEDCO will abide by Commission's view in this regard. Therefore, to the best of their understanding, no specific deviations from the MOP guidelines have been proposed in the Rfp.

6. Contentions of the Petitioner in the Additional Affidavit dated 21-11-2016:-

In the additional affidavit filed by the Petitioner on 21-11-2016, the Petitioner has pointed out a typographical error that occurred in clause 1 (ii) of the Rfp filed by them along with this petition wherein the expression "Electricity Traders having valid trading license issued by ERC" was omitted to be included and seeks the approval of the Commission for the Rfp as amended above.

7. Findings of the Commission:-

The Petitioner has filed this petition seeking the approval of the Commission to procure 350 MW RTC power and 500 MW Peak power (18:00 hrs. to 23:00 hrs.) for the period from 1st February 2017 to 15th May 2017 and to float Tender No.TANGEDCO/SHORT/PP-8-2016 for procurement of the above power through e-bidding portal (DEEP) as per the enclosed Tender Specification (Rfp). We have

carefully gone through the documents submitted by the Petitioner and the submissions made by the Petitioner. During the course of the hearing, the Chief Engineer (PPP), representing the Petitioner has submitted that there is no variation in the tender conditions from the tender conditions prescribed by the Government of India in their guidelines for procurement of short term power purchase. The Commission therefore approves the proposal of the Petitioner for procurement of 350 MW RTC power and 500 MW peak power (18.00 hrs to 23.00 hrs) for the period from 1st February 2017 to 15th May 2017 and to float a tender for the same through e-bidding portal (DEEP) as per the conditions enclosed in this petition. The above approval is subject to the condition that there should not be any deviation from the Government of India guidelines prescribed for procurement of short term power purchase. Should there be any deviation at a later date, the Petitioner shall obtain the prior approval of this Commission. The Petitioner is also directed to approach this Commission at appropriate stage as per the GOI Guidelines clause 11.4 for adoption of tariff under section 63 of the Electricity Act, 2003 (Central Act 36 of 2003).

Ordered accordingly.

8. 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.PrabhakaraRao)
Member

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

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

/ True Copy /

Secretary
Tamil Nadu Electricity
Regulatory Commission