

**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

**I.A. No.1 of 2016**  
**in**  
**M.P.No.2 of 2016**  
**and**  
**M.P.No.2 of 2016**

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

... Petitioner  
(Tmt R.Varalakshmi  
Standing Counsel for TANGEDCO)

Vs.

Nil

... Respondent

**Dates of hearing: 28-01-2016 and 23-02-2016**

**Date of Order: 25-04-2016**

The I.A. No.1 of 2016 in M.P.No.2 of 2016 came up for final hearing on 23-02-2016. 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:**

The prayer of the Petitioner in the above in M.P.No.2 of 2016 is to ratify and approve the dispatch 7.253 M.U. of power purchase made from M/s.Samalpatti Power Corporation (P) Limited, 4.841 M.U. of power purchase from M/s.Madurai Power Corporation (P) Limited and 0.928 M.U. of power purchase from M/s.PPN

Power Generating Company (P) Limited during the third quarter of 2015-16 for the months of October 2015 to December 2015.

I.A.No.1 of 2016 in the above M.P. has been filed for condonation of delay in filing the M.P.

**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 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 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, 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. The Commission in its Suo-Motu Order No.9 of 2014 dated 11-12-2014, 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 provided in the Regulations or in the concerned PPA for the power plants which are not scheduled as per Merit Order Dispatch. 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 third 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. However, during the third quarter of 2015-16 (October 2015 to December 2015), SLDC has dispatched SPCL, MPCL and PPN due to sudden drop in wind generation, planned and forced outages of TANGEDCO owned power plants and Central Generating Stations on various occasions. Further, SPCL was permitted to run full load by SLDC to conduct Ambient Air Quality, Stack Monitoring

and Noise Level Measurement during 27-10-2015 and 28-10-2015 as required by Tamil Nadu Pollution Control Board.

2.8. The actual quantum of energy dispatched from the IPPs by SLDC during the third quarter of 2015-16 is as detailed in the table below:-

Name of IPP	Power purchased during October 2015 in MU	Power purchased during November 2015 in MU	Power purchased during December 2015 in MU
M/s.MPCL	4.345	0.385	0.111
M/s.SPCL	7.203	0.050	0
M/s.PPN	0.928	0	0
<b>Total</b>	<b>12.476</b>	<b>0.435</b>	<b>0.111</b>

2.9. Since SLDC has dispatched the IPPs to manage the grid during emergencies, this petition is filed before the Commission seeking approval and ratification of the dispatches made from the IPPs not listed under Merit Order as per the orders of the Commission.

### **3. Findings of the Commission:-**

3.1. The Commission has considered the prayer of the Petitioner namely:

- a) to ratify and approve the dispatch of 7.253 MU of power purchase made from M/s.Samapatti Power Corporation Pvt. Ltd., 4.841 MU of power purchase from M/s. Madurai Power Corporation (P) Ltd. and 0.928 MU of power purchase from M/s.PPN Power Generating Company (P) Ltd. during the third quarter of 2015-16 for the month of October 2015 to December 2015;
- b) to condone the delay in filing the M.P.

3.2. TANGEDCO in its Petition has deposed that prior to commencement of third quarter of 2015-16, there was no proposal from SLDC to dispatch high cost IPPs and hence, they have not obtained prior approval from the Commission for purchase of power from the above high cost IPPs. The SLDC has dispatched the above IPPs due to sudden drop in wind generation, planned and forced outages of TANGEDCO owned power plants and Central Generating Stations on various occasions and to manage the grid during emergencies. Further, SPCL was permitted to run full load by SLDC to conduct Ambient Air Quality, Stack Monitoring and Noise Level Measurement during 27-10-2015 and 28-10-2015 as required by Tamil Nadu Pollution Control Board.

3.3. After due consideration, the Commission accepts the reasons submitted in the Petition as well as in the Additional Affidavit filed by TANGEDCO for procuring the power from the high cost IPPs and therefore the power purchase made from the above IPPs as given below are hereby approved and ratified.

Name of IPP (1)	Power purchased during October 2015 in MU (2)	Power purchased during November 2015 in MU (3)	Power purchased during December 2015 in MU (4)
M/s. MPCL	4.345	0.385	0.111
M/s. SPCL	7.203	0.050	0
M/s. PPN	0.928	0	0
<b>Total</b>	12.476	0.435	0.111

3.4. 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.

3.5. In view of the above, in the present Miscellaneous Petition also, the Commission approves the power purchase cost from the above three IPPs viz. M/s. SPCL, M/s. MPCL and M/s. PPN Power Generating Company (P) Ltd. 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.

3.6. Further, in view of the reasons stated in para 2 the delay is condoned and Commission hereby directs TANGEDCO to seek the approval of the Commission whenever power purchase from the high cost IPPs are resorted to.

With the above orders, the M.P. No. 2 of 2016 is hereby 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 .....)  
**(Dr.T.Prabhakara Rao)**  
**Member**

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

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

/ True Copy /

Secretary  
Tamil Nadu Electricity  
Regulatory Commission