



- (ii) approve and ratify the dispatch of power made / to be made from M/s.PPN Power Generating Company (P) Limited and M/s. Madurai Power Corporation (P) Limited for the year 2016-17 as mentioned in para (9) of this petition (i.e.totalling 132.494 mu of power) and pass such other orders as deemed fit

2. This petition has been filed to condone the delay in filing the petition and to approve and ratify the dispatch of power made / to be made from M/s. PPN Power Generating Company (P) Limited and M/s. Madurai Power Corporation (P) Limited for the year 2016-17 as mentioned in para 4 (ix) of this order.

**3. Prayer in the Additional Affidavit filed on 09-05-2017:-**

In the additional affidavit filed on 09-05-2017, the petitioner has prayed to consider the quantum of power purchased from High Cost IPPs for the year 2016-17 as 210.627 MU (M/s.MPCL – 11.43 MU and M/s.PPN 199.197 MU, (instead of 132.49 MU originally prayed)

**4. Contentions of the Petitioner:-**

The Petitioner in his affidavit dated 08-03-2017 has submitted as follows:-

- (i) 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. Madurai Power Corporation (P) Limited (M/s.MPCL) and M/s. PPN Power Generating Company (P) Limited (M/s.PPN) along with other power generators for purchase of power from their power project under Memorandum of Understanding route and has been dispatching the IPPs as per the terms of the PPA.

(ii) 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."

(iii) 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 various power plants. The Commission has allowed only fixed cost for the Power Plants which are not scheduled as per Merit Order Dispatch.

(iv) The IPPs (which are using liquid fuels such as LSHS, LSFO or Naphtha) M/s.Madurai Power Corporation (P) Limited (M/s MPCL) and M/s.PPN Power Generating Company (M/s.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 filed before this Commission seeking approval/Ratification from time to time, as per the directives contained in the Tariff orders.

(v) The Commission in its Suo-Motto Order No.9 of 2014 dated 11.12.2014, approved the Merit Order Ranking of the available energy sources for the FY 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 Merit Order Dispatch. Further, TANGEDCO was directed to take

prior approval of the Commission before purchasing energy from unapproved sources.

(vi) The State Load Dispatch Centre 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.

(vii) Prior to commencement of the period from 01.04.2016 to 31.03.2017, there was no proposal from SLDC to dispatch high cost IPPs and therefore necessity to take prior approval of the Commission did not arise.

(viii) However, the State Load Dispatch Centre had dispatched M/s MPCL and M/s. PPN due to sudden forced outages of TANGEDCO owned power plants and Central Generating Stations on various occasions and considerable increase in demand during the period.

(ix) The actual quantum of energy dispatched / to be dispatched by SLDC from M/s. MPCL and M/s. PPN during the year 2016-17 are as follows:-

Name	April	May	June	July	Aug	Sep.	Oct.	Nov.	Dec	Jan	Total
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of the IPPs	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2017 to Mar 2017	
MPCL	8.597	0.998	0.479	0.38	0.223	0.753	-*	-*	-*	-*		11.43
PPN	82.775	38.289	0	0**	0**	0**	0**	0**	0**	0		121.064
Total	91.372	39.287	0.479	0.38	0.223	0.753	0.	0	0	0		132.494

\* PPA Term ended on 21-09-2016

\*\* TANGEDCO's approval for Fuel Sales Agreement for Naphtha of M/s.PPN ended on 24-06-2016. Hence, eventhough SLDC had dispatched a quantum of 78.133 MU during the months July 2016 to December 2016 based on the wrong availability declaration of M/s. PPN, TANGEDCO disallowed the same.

(x) During the month of September 2016, a quantum of 0.753 MU was purchased from M/s. MPCL at Rs.3.99 per unit (Fixed Cost and Variable Cost) at ex-bus to exhaust the available LSHS Stock, due to expiry of Power Purchase Agreement on 21-09-2016. The month wise outage details of the power plants and details of quantum of power dispatched from the IPPs in the petition.

(xi) The term of the Power Purchase Agreement between TANGEDCO and M/s.MPCL expired on 21-09-2016 and no power purchase made from 22-09-2016 onwards from M/s. MPCL.

(xii) The approval accorded by TANGEDCO to the Fuel Sales Agreement dated 06-12-1995 of M/s. PPN for procurement of Naptha from M/s.Indian Oil Corporation ended on 24-06-2016 and it was not further extended.

(xiii) Since SLDC had dispatched the IPPs to manage the grid during emergencies, the petition is filed before the Commission seeking approval and ratification of the dispatches made from the IPPs not listed under Merit Order.

#### **5. Contentions of the Petitioner in the Additional Affidavit:-**

The Petitioner in his additional affidavit dated 09-05-2017 has submitted as follows:-

(i) M.P.No.7 of 2017 filed by this Petitioner was heard by the Commission on 25.04.2017 and the Daily Order of the Commission states as follows:

*".... Arguments heard. The petitioner submitted and prayed for the TANGEDCO's disallowance of power scheduled by TANTRANSCO stating that the approval for FSA for Naptha ended on 24-06-2016. Member (I) pointed out the findings of the Hon'ble TNERC, Hon 'ble APTEL and Hon'ble Supreme Court in regard to payment and directed the petitioner to comply with their orders that the monthly invoices raised shall be paid in full and raise dispute later as per PPA. The petitioner prayed liberty to file an additional affidavit after making due corrections on the quantum of power availed."*

(ii) From April 2012 onwards, as per the Tariff Order No.1 of 2012 dated 30-03-2012, petitions were filed before the Commission seeking approval/ratification for

dispatching high cost IPPs. The Commission had also allowed the quantum of power dispatched from the high cost IPPs as claimed by the Petitioner till March 2013.

(ii) 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 FY 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 Merit Order Dispatch. Further, TANGEDCO was directed to take prior approval of the Commission before purchasing energy from unapproved sources. M/s. MPCL and M/s.PPN were not listed under Merit Order Ranking by the Commission.

(iii) From April 2013 to March 2016, the quantum of power dispatched from high cost IPPs were allowed as claimed in the petitions, upto the Average Rate of Realisation by the Commission.

(iv) As directed by the Commission, the Petitioner has filed a Miscellaneous Petition No.7 of 2017 before the Commission with a prayer, seeking approval and ratification for dispatching M/s. MPCL and M/s. PPN for a quantum of 132.494 MU for the Year 2016-17.

(v) As observed by the Commission in the Daily Order dated 25-04-2017 in M.P. No.7 of 2017, this petitioner is filing this additional affidavit after making due corrections on the quantum of power availed from high cost IPPs.

(vi) The approval and ratification of dispatch alone is the prayer sought in the present application filed in terms of the said Tariff Order and not for disallowance of power scheduled as mentioned in the Daily Order.

(vii) The approval of TANGEDCO for Naphtha FSA of M/s. PPN had expired on 24-06-2016 and thereafter the dispatches by M/s. PPN are not in terms of the PPA.

(viii) The actual quantum of power purchased from M/s. MPCL and M/s. PPN for the year 2016-17 are as follows:-

Name of the IPPs	April 2016	May 2016	June 2016	July 2016	Aug 2016	Sep. 2016	Oct. 2016	Nov. 2016	Dec 2016	Jan 2017 to Mar 2017	Total
	(in million units)										
MPCL	8.597	0.998	0.479	0.38	0.223	0.753	-	-	-	-	11.43
PPN	82.775	38.289	0	20.750	0	0	14.001	43.307	0.075	0	199.197
Total	91.372	39.287	0.479	21.13	0.223	0.753	14.001	43.307	0.075	0	210.627

(x) As allowed by the Commission to the petitioner, this additional affidavit is being filed after making due corrections on the quantum of power availed from the high cost IPPs.

#### **6. Contentions of the Petitioner in the Affidavit dated 27-06-2017:-**

. The Petitioner in his affidavit dated 27-06-2017 has submitted as follows:-



(i) The petitioner had filed M.P. No.7 of 2017 before the Commission with a prayer to approve / ratify the dispatch of high cost IPPs, which were not listed in the Merit Order Ranking for a quantum of 132.494 MU for the period from April 2016 to March 2017.

(ii) Pursuant to the Commission's Daily Order dated 25-04-2017 in M.P. No.7 of 2017, the petitioner filed an additional affidavit seeking ratification of the actual quantum of power availed.

(iii) The additional affidavit was filed after making due corrections on the quantum of power availed from the high cost IPPs. The quantum of power purchased from high cost IPPs for the year 2016-17 was 210.627 MU (M/s.MPCL – 11.43 MU and M/s.PPN – 199.97 MU). By the additional affidavit dated 09-05-2017, the total quantum of energy procured was modified by the petitioner as 210.627 MU.

(iv) It was stated in para 8 of the additional affidavit that since the approval of TANGEDCO for Naphtha FSA of M/s. PPN had expired on 24-06-2016, the invoices submitted by M/s. PPN beyond 24-06-2016 were not in line with the provisions of Power Purchase Agreement.

(v) The reference in para 8 of the additional affidavit that the invoices submitted by M/s. PPN beyond 24-06-2016 were not in line with the provisions of Power

Purchase Agreement is out of inadvertence since ratification of dispatch alone is the prayer sought in the present application filed in terms of the Tariff Order.

(vi) In applications seeking ratification of the despatches from entities outside the merit order ranking, the quantum of power purchased alone is relevant and the contents of para 8 of the additional affidavit are neither germane to nor the subject matter of this petition. Dispute between the parties, if any, is beyond the scope of such a petition. Accordingly, para 8 of the additional affidavit and the contents thereof are sought to be withdrawn.

(vii) The Commission may be pleased to allow the petitioner to withdraw paragraph 8 of the additional affidavit and may be pleased to ratify the quantum of power of 210.627 MU purchased from high cost IPPs for the year 2016-17.

#### **7. Written Submission dated 30-09-2019:-**

The Petitioner in his written submission dated 30-09-2019 has submitted as follows:-

(i) M.P.No.7 of 2017 was filed by the petitioner seeking approval of the Commission, which was filed in accordance with para 7.1. (Directives) of the Commission's Suo-Motto determination of tariff for Generation and Distribution Order No.9 of 2014 dated 11.12.2014, for the power plants which were not listed under Merit Order Ranking for the financial year 2016-17:-

Name of the IPPs	April 2016	May 2016	June 2016	July 2016	Aug 2016	Sep. 2016	Oct. 2016	Nov. 2016	Dec 2016	Jan 2017 to Mar 2017	Total
MPCL	8.597	0.998	0.479	0.38	0.223	0.753	-*	-*	-*	-*	11.43
PPN	82.775	38.289	0	0**	0**	0**	0**	0**	0**	0	121.064
Total	91.372	39.287	0.479	0.38	0.223	0.753	0.	0	0	0	132.494

(ii) Subsequently, by the affidavit dated 09-05-2017, the revised quantum of power purchased from the above generators was filed before the Commission for approval, as below:-

Name of the IPPs	April 2016	May 2016	June 2016	July 2016	Aug 2016	Sep. 2016	Oct. 2016	Nov. 2016	Dec 2016	Jan 2017 to Mar 2017	Total
(in million units)											
MPCL	8.597	0.998	0.479	0.38	0.223	0.753	-	-	-	-	11.43
PPN	82.775	38.289	0	20.750	0	0	14.001	43.307	0.075	0	199.197
Total	91.372	39.287	0.479	21.13	0.223	0.753	14.001	43.307	0.075	0	210.627

(iii) The State Load Dispatch Centre 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.

(iv) Prior to commencement of the period from 01-04-2016 to 31-03-2017, there was no proposal from SLDC to dispatch high cost IPPs and therefore necessity to take prior approval of the Commission did not arise.

(v) The State Load Dispatch Centre had dispatched M/s. MPCL and M/s. PPN due to sudden forced outages of TANGEDCO owned power plants and central generating stations on various occasions and considerable increase in demand during the period.

(vi) During the month of September 2016, a quantum of 0.753 MU was purchased from M/s. MPCL at Rs.3.99 per unit (Fixed cost and Variable cost) at ex-bus to exhaust the available LSHS stock. The Power Purchase Agreement with M/s. Madurai Power Corporation expired on 21-09-2016.

(vii) There was no power purchase from M/s. PPN Power Generating Company from January 2017 onwards.

(viii) The quantum of power purchased from M/s. MPCL and M/s. PPN during the year 2016-17 was about 210 MU against TANGEDCO's total grid consumption of 1,02,605 MU (about 0.2%).

(ix) The Commission may consider the above submissions and approve the quantum of 210.627 MU (M/s. MPCL – 11.43 MU and M/s. PPN – 199.197 MU) purchased from M/s. Madurai Power Corporation and M/s.PPN Power Generating Company during the year 2016-17.

## 8. Findings of the Commission:-

8.1. We have carefully considered the prayers of the petitioner which is as follows:-

The petitioner has prayed to condone the delay in filing the petition and to approve and ratify/approve the dispatch of power made / to be made from M/s. PPN Power Generating Company (P) Limited and M/s. Madurai Power Corporation (P) Limited for the year 2016-17 as detailed below:- .

Name of the IPPs	April 2016	May 2016	June 2016	July 2016	Aug 2016	Sep. 2016	Oct. 2016	Nov. 2016	Dec 2016	Jan 2017 to Mar 2017	Total
MPCL	8.597	0.998	0.479	0.38	0.223	0.753	-*	-*	-*	-*	11.43
PPN	82.775	38.289	0	0**	0**	0**	0**	0**	0**	0	121.064
Total	91.372	39.287	0.479	0.38	0.223	0.753	0.	0	0	0	132.494

\* PPA Term ended on 21-09-2016

\*\* TANGEDCO's approval for Fuel Sales Agreement for Naphtha of M/s.PPN ended on 24-06-2016. Hence, eventhough SLDC had dispatched a quantum of 78.133 MU during the months July 2016 to December 2016 based on the wrong availability declaration of M/s. PPN, TANGEDCO disallowed the same.

8.2. Subsequently, by the affidavit dated 09-05-2017, the revised quantum of power purchased from the above generators was filed before the Commission for approval, as below:-

Name of the IPPs	April 2016	May 2016	June 2016	July 2016	Aug 2016	Sep. 2016	Oct. 2016	Nov. 2016	Dec 2016	Jan 2017 to Mar 2017	Total
	(in million units)										
MPCL	8.597	0.998	0.479	0.38	0.223	0.753	-	-	-	-	11.43
PPN	82.775	38.289	0	20.750	0	0	14.001	43.307	0.075	0	199.197
Total	91.372	39.287	0.479	21.13	0.223	0.753	14.001	43.307	0.075	0	210.627

8.3. The State Load Dispatch Centre had dispatched M/s. MPCL and M/s. PPN due to sudden forced outages of TANGEDCO owned power plants and central generating stations on various occasions and considerable increase in demand during the period.

8.4. During the month of September 2016, a quantum of 0.753 MU was purchased from M/s. MPCL at Rs.3.99 per unit (Fixed cost and Variable cost) at ex-bus to exhaust the available LSHS stock. The Power Purchase Agreement with M/s. Madurai Power Corporation expired on 21-09-2016.

8.5. There was no power purchase from M/s. PPN Power Generating Company from January 2017 onwards.

8.6. The quantum of power purchased from M/s. MPCL and M/s. PPN during the year 2016-17 was about 210 MU against TANGEDCO's total grid consumption of 1,02,605 MU (about 0.2%).

8.7. The Commission in earlier occasion while approving the purchase of power outside Merit Order Despatch, has approved only upto the Average Rate of Realization of the Petitioner for the purpose of Annual Revenue Requirement (ARR). In view of the same, the Commission hereby approves the total power of 210.627 mu despatched from M/s. MPCL and M/s. PPN (M/s. MPCL–11.43 MU and M/s. PPN 199.19 MU) at the average rate of realization for the year FY 2016-17.

8.8. Further, as per the 'Directive' (g) and (h), issued in the Order in T.P. No. 1 of 2017, dated 11-08-2017, TANGEDCO shall take prior approval from the Commission for purchasing energy from unapproved sources and shall submit the MoD stack of actual power purchased from various sources during the month, on a monthly basis. In case of any variation from the MoD stack approved by the Commission, TANGEDCO should file quarterly Petitions for ratification of such power purchase with proper justification, in the same manner as being done presently for purchase from IPPs outside the MoD stack.

8.9. With great anguish, we have to observe that inspite of the above specific directive of the Commission, in the Tariff Order as well as in the earlier orders of the Commission, this petition has been filed after a long delay. This petition has not only been filed belatedly but also in a hasty and haphazard manner as evidenced from the fact that the petition has been filed originally stating the quantum of power dispatched from M/s.M.P.C.L. and M/s.P.P.N. was 132.494 MU and it was after the queries raised by the Commission, the petitioner filed an additional affidavit on 09-05-2017 stating that the actual quantum of power

purchased from high cost IPPs for the year 2016-17 was 210.627 MU. Even in this additional affidavit, the petitioner has submitted an irrelevant statement in para 8 which was sought to be withdrawn by the petitioner in his affidavit dated 27-06-2017.

8.10. For the above lapses, Commission deem it appropriate to condone the delay in filing this petition by imposing a cost of Rs.1,00,000/- (Rupees One Lakh only) which shall be paid through Demand Draft drawn in favour of the Secretary, TNERC within four weeks failing which this petition shall stand dismissed automatically without any further notice.

8.11. The petitioner is also directed to get prior approval of the Commission for despatching power outside the MoD stack wherever possible and if not seek ratification immediately and not later than a month thereafter in future. The Commission will not entertain any condonation and ratification of similar matter in a routine manner.

With the above orders, M.P. No. 7 of 2017 is finally disposed of.

(Sd.....)  
**(K.Venkatasamy)**  
**Member (Legal)**

(Sd.....)  
**(Dr.T.Prabhakara Rao)**  
**Member**

(Sd.....)  
**(M.Chandrasekar)**  
**Chairman**

/True Copy /

Secretary  
Tamil Nadu Electricity  
Regulatory Commission