



Chhattisgarh State Electricity Regulatory Commission

Civil Lines, G.E. Road, Raipur – 492001

Tel: 0771-5073555, Fax-5073553

Petition No. 10/2005(M)

M/s Vandana Global Ltd., Raipur.....Applicant

ORDER

M/s Vandana Global Ltd. (VGL, for short) has filed a petition under Section 42 (2) of the Electricity Act, 2003 (hereinafter called the 'Act') for permission for availing open access for supply of power to three sister concerns, i.e. M/s Shivalika Udyog Ltd. (SUIL, for short), M/s Vandana Industries Ltd (VIL, for short) and M/s Vandana Rolling Mills Ltd. (VRML, for short) from their captive plant. The petitioner has a sponge iron plant in Siltara Industrial Area, Raipur with contract demand of 4000 KVA from CSEB and has set up a 8 MW captive generation plant based on waste heat recovery from kiln. M/s SUIL, VIL and VRML are all industries located in Urla Industrial Area, also in Raipur and are existing consumers of CSEB with a contract demand of 4000 KVA, 1150 KVA and 1410 KVA respectively. The petition is to wheel about 8.28 MU per annum to SUIL, 0.90 MU to VIL and 1.80 MU to VRML while VGL shall consume 28.2 MU per annum for running the sponge iron plant at the same location as the power plant. This petition has been made as the Commission had not notified the necessary regulations under Section 42 (2) of the Act, introducing open access in the State.

2. We have gone through the petition and have heard the petitioner. The main issue for consideration in this case is whether the petitioner's power plant is a captive power plant (CPP) and whether the three sister concerns qualify the captive users within the meaning of Rule 3 of the Electricity Rules, 2005 (hereinafter called 'Rules') notified by the Central Government. If petitioner power plant qualifies to be a "captive generating plant" and the three sister concerns to be "captive users" under the provisions of Rule 3 of the Rules, then under Section 9 (2) of the Act the petitioner shall have a right to open access for the purpose of carrying electricity from his captive generating plant to the destination of his use, i.e. use by the three sister concerns in this case.

3. As per Rule 3 of the Rules no power plant shall qualify as a "captive generating plant" unless-

- (i) not less than 26% of the ownership of the power plant is held by the captive users; and
- (ii) not less than 51% of the aggregate electricity generated in such plants, determined on an annual basis, is consumed for the captive use." The captive user has been defined in this rule to mean "the end user of the electricity generated in the captive generating plant." The petitioner has submitted Chartered Accountant's certificate to show that SUIL holds 20% , VIL 2.28% and VRML 7.55% (total 28.83% of share holding in VGL). Therefore, they qualify and to be treated as captive users under rule 3 (1) (a) of the Rules. The gross generation of the captive power plant is 46 MU in a year, with the 80% PLF and 300 working days. The net power availability for use after auxiliary consumption of 4.6

MU/year (10%) is 41.4 MU/ year. Captive use by the petitioner and the three sister concerns is proposed to be as under:

(i)	VGL	-	28.20 MU/yr.
(ii)	SUIL	-	8.28 MU/yr.
(iii)	VRML	-	1.80 MU/yr.
(iv)	VIL	-	<u>0.90 MU/yr.</u>
			<u>Total 39.18 MU/yr. or about 95% of 41.4 MU</u>

Thus, M/s VGL with other three captive consumers will use about 95% of the power of the captive generating plant. Therefore, the plant is a captive generating plant and the proposed users are captive users by the two yard sticks laid down in the Rules and therefore, they are entitled to open access under the provision of Section 9 (2) of the Act.

4. In the meantime, the Commission has already notified the open access regulations under which open access is to be introduced in phases starting on 01/04/2006 for 10 MW or above. However, clause 5 (1) of the regulations make an exception for captive generating plant carrying electricity from the plant to the destination of their own use, which has been permitted with immediate effect. The rate of wheeling charges and other charges to be paid in case of open access have not, however, so far been determined by the Commission. Therefore, these have to be as per the prevailing rates of the Board till the Commission issues necessary regulations about such charges.

5. M/s VGL has already started generating power since March 2005 and after its own consumption has been putting the surplus power in the grid. He has furnished a statement on power generated up to 16th June 2005 according to which he has already exported 11.42 Lakh units to CSEB which has agreed to purchase it as infirm power at a rate of Rs. 1/- per unit. The petitioner has prayed that permission for open access be granted from the date from which he started injecting power into the grid.

6. In view of the above, the Commission holds that the petitioner's power plant is a captive generating plant of which the three sister concerns are captive users and that he is entitled to open access under Section 9(2) of the Act. The Commission, accordingly allows open access to the petitioner to wheel power to the three captive users aforementioned under the following conditions:

- (i) Permission for open access shall be w.e.f. 1st July 2005. The power injected into the grid by VGL up to 30/06/2005 shall be treated as supply of infirm power of the grid for which Board shall pay VGL @ Rs.1/- per unit as per the prevailing rate of CSEB.
- (ii) The consumption of electricity by the three captive users w.e.f. 01/07/2005 shall be treated as captive use of the power already injected into the grid by VGL. The Board shall accordingly revise the bill raised against SUIL, VRML and VIL taking into consideration the allocation of energy to the captive users as stated in para 3 on monthly basis and treat the balance power, if any, as infirm power and pay @ Rs. 1/- per unit.

- (iii) The Board shall charge for wheeling of electricity and levy other charges to VGL w.e.f. 01/07/2005 as per their present rate.
- (iv) The wheeling charges, other charges as also rates of infirm power are subject to revision by this Commission under regulations as may be framed.
- (v) The consumption of electricity by the captive users shall not be less than 51% over a financial year, and in case it is not so, "it shall be treated as if it is a supply of electricity by a generating company" as per the provision of Rule 3 (2) of the Rules.

Sd/-
Member

Sd/-
Chairman

True Copy

(Ajay Srivastava)
Deputy Secretary