



**Petition No. 42 of 2017(M)**

**In the matter of:**

**Adoption of tariff for purchase of short term RTC power determined through competitive bidding process in accordance with guidelines issued by Govt. of India under section 63 of the Electricity Act 2003 and approval for purchase beyond ceiling rates prescribed by Commission for this purpose during 2017-18.**

**Present:** Narayan Singh, Chairman

Arun Kumar Sharma, Member

**Order**

**(Dated September 20, 2017)**

CSPDCL filed the P. N 42 of 2017(M) for adoption of tariff for purchase of short term RTC power determined through competitive bidding process in accordance with guidelines issued by GoI under section 63 of the Act for short term procurement of power to meet its power requirement for period of 01.09.17 TO 30.09.17. According to CSPDCL, the rates of short-term power have been discovered through DEEP e-bidding portal route. CSPDCL has requested for approval of purchase of RTC power as the rates discovered in bidding is above benchmark rates.

2. Para 11.4 of the guidelines No. 23/25/2011-R&R (Vol-III), dtd. 30<sup>th</sup> March 2016 issued by Government of India is reproduced below;

*"11.4 If the quantum of power procured and tariff determined are within the blanket approval granted by the Appropriate Commission in Annual Revenue Requirement (ARR) of the respective year, then the same will be considered to have been adopted by the Appropriate Commission. In all other cases, the Procurer(s) shall submit a petition to the Appropriate Commission for adoption of tariff within 2 days from the date of signing of PPA, Appropriate Commission should communicate the decision within 7 days from the date of submission of petition."*

3. According to CSPDCL, the rates of short-term power have been discovered through DEEP e-bidding portal route and comprise of RfP, e-auction, reverse auction, evaluation of bids and selection of lowest bidder.

CSPDCL has desired approval of purchase of RTC power above benchmark rates and adoption of tariff as follows;

S. No.	Month	Quantum MW	Rate	Trader	Supplier
1	01.09.2017-30.09.2017	50 MW	3.75	Tata Power Trading Company Ltd.	JITPL
		65 MW	3.75	Manikaran Power Ltd.	Thermal Powertech Corporation India Ltd. Andhra Pradesh

4. In support of the short term power requirement of 400 MW, CSPDCL submitted following facts;

- that considering the unprecedented draught presently when almost 81% of geographical area in the State has been declared as seriously affected, the electricity demand of the State registered a peak of 4000 MW during August 2017.
- that agricultural pumps have been come to the system with no relief from air conditioner / coolers, resultantly leading to an additional demand of approximately 500 to 900 MW.
- availability from thermal stations has also been adversely affected due to shortage of coal supply and PLF of the plant due to wet coal. The present availability from all tied sources is presently 3100 to 3500 MW.

In light of the compelling reasons submitted above, petitioner is required to purchase additional RTC power of approximately 400 MW to meet the present crisis.

5. It is also submitted by CSPDCL that nationwide market scenario prevailing in power system nationwide is reflected in the present tendering process which is evident from the fact that towards a call of 400 MW just 115 MW is offered by only two bidders at Rs.3.75 per unit.

6. Further CSPDCL, on additional submission dated 05.09.17 submitted following:-
- in pursuance to short-term power purchase approved by the Commission in its tariff order dated 31.03.2017 read together with order dated 20.06.2017 in petition No. 21 of 2017 and order dated 29.08.2017 in petition No. 37 of 2017 net availability towards letter of intent (LoI) of 200 MW for RTC and 200 MW for TOD (peak hours) during 18:00 to 23:00 and 100 MW during 23:00 to 24:00 hrs in respect of September 2017 would be 130 MW(RTC) and 200 MW and 100 MW during peak hours respectively.
  - that availability of RTC power during September 2017 under aforesaid LoI is through different traders naming M/s Tata Power Trading Co. Ltd. And M/s PTC India Ltd. This is further to clarify that as per understanding M/s TPTCL has to supply 129 MW and M/s PTC India Ltd. for 71 MW. The deficit of 70 MW RTC during September 2017 is due to less schedule given by M/s Tata Power Trading Co. Ltd.
5. In the CSPDCL's petition, considering the facts and circumstances of the case, an interim order was issued exercising the powers conferred under section 86(1)(b), 94(2) of the Act and clause 14(2) of the guidelines dated March 22, 2006. The interim order was limited to purchase of short-term power for the period of 01.09.17 to 30.09.17 only.
6. For disposal of the petition, a regulatory process (stakeholder consultation) was conducted. Comments and suggestions were invited from public and members of the State advisory committee and hearing was held on 13.09.17. List of persons attended the hearing are enclosed herewith this order.
7. During the hearing dated 13.09.17, Adv Rajkumar Gupta representing the Kisan Sangathan, submitted that CSPDCL should not procure any short term power above the approved rate by the Commission. He raised the issues of farmers that in the surplus situations also, farmers are not getting adequate power to meet its irrigation requirement. Another social worker Mr. Raza Ahmed submitted that it's the failure of State Generation companies, which necessitated the short term power by CSPDCL. In any case extra financial burden due to short term power purchase should not be passed on to the consumers of the State. Mr. Uttam Chandrakar, a farmer also reiterated the same.

8. Er. Shyam Kabra submitted power shortage has arisen due to weather conditions. He submitted that it should be utmost priority that reasonable quantum of electricity is supplied to the agriculture and industrial Sector without any restriction and for this purpose, right quantum of short-Term Power Purchase on RTC and TOD basis at reasonable rate must be planned very cautiously. Improper planning has prevented CSPDCL to procure right quantum of power at right time at reasonable price and has provoked heavy load-shedding and power-cuts during this emergency situation.
9. Brief of the submission made by Mr. Kabra is as follows;
  - In one hand there was load shedding to the industries and on other hand during the same period surplus power was surrendered to the grid as under drawl.
  - Lack of timely action in short-term power purchase has resulted to the extra cost by about Rs. 25 Cr as this short-term power for this periods was available at lower rates in earlier months, which has to be borne by the innocent consumers of the State who are already suffering from heavy load-shedding and power-cuts.
  - Commission's Order regarding power from several IPPs who have obligation to supply concessional power to CSPDCL are not supplying RTC power as per the terms of agreement is still not complied.
  - A Demand –side Management Plan must be prepared, as a ready-reckoner in deficit situations, under consultation with consumers and prior approval from the Commission. Industrial concentration in various parts of the State may be divided into 7 zones and scattered weekly off-day for the purpose of electrical maintenance and scheduled/ unscheduled load shedding may be decided to regulate demand of electricity by industrial consumers. Same approach may be adopted with other consumer categories.

### **Commission's Analysis and Decision**

10. The Commission has approved weighted average price of Rs 2.60 in tariff order for the year 2017-18 based on actual cost of short-term power purchase of previous year. As power purchase cost is uncontrollable item, there would be variation in this weighted average rate depending on number of factors such as market trends, availability,

power mix etc. Short term power purchase price and quantum may vary according to the time of the day and other uncontrollable factors as narrated above and any variation shall be pass through. We have noted the concerns of the stakeholders.

11. CSPDCL has the long term contracts with State owned generating company. Quantum of power supply from its generating stations has been estimated based on the achieved annual Plant Load Factor during preceding years. The tariff of State owned company is based on performance based Regulations. If the target PLF is not achieved, a regulated generating company cannot recover its fixed costs. All this aspects are governed by MYT Regulations and it will be examined during the true-up exercise of the generating company. Apart from performance of State own generating company there are other factors also which has created the need of short term power requirement of CSPDCL.
  
12. Considering the facts and circumstances of increased power demand due to poor rains in the State, festival seasons (Navratri, Diwali etc), interrupted operation of the some of the units of State generating stations and power availability from all sources, and powers conferred under section 86(1)(b) of the Act and clause 14(2) of the guidelines dated March22, 2006, the Commission hereby makes the order to purchase short-term RTC power as proposed by CSPDCL which is as under for the period of 01.09.2017 to 30.09.2017.

<b>S. No.</b>	<b>Month</b>	<b>Quantum MW</b>	<b>Rate</b>	<b>Trader</b>	<b>Supplier</b>
1	01.09.2017- 30.09.2017	50 MW	3.75	Tata Power Trading Company Ltd.	JITPL
		65 MW	3.75	Manikaran Power Ltd.	Thermal Powertech Corporation India Ltd. Andhra Pradesh

**Sd/-  
Member**

**Sd/-  
Chairman**

**List of persons attended hearing on 13.09.2017**

<b>Sl. No.</b>	<b>Name</b>	<b>Organisation/ Designation</b>
1.	Shri G.C. Mukherjee	Director CSPDCL
2.	Shri D.S. Bhagat	CE (RA & PM) CSPDCL
3.	Shri M.H. Prasad	SE (RA & DM)
4.	Shri M.S. Ratnam	Special Secretary, ED
5.	Shri V.A. Deshmukh	EE RAC-CSPDCL
6.	Advt. Rajkumar Gupta	Kishan Sangathan
7.	Shri Uttam Chandrakar	Farmer
8.	Shri Raja Ahmed	Social Worker
9.	Er. Mr. Shyam Kabra	Urla Industries Association