

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

In the matter of:

Petition filed under Section 62 and 86(1)(a) of the Electricity Act , 2003, read with the relevant provisions of the Uttarakhand Electricity Regulatory Commission (Terms & Conditions for determination of Multi-Year Tariff) Regulations, 2015 and Chapter VII of UERC (Conduct of Business) Regulations, 2014, for determination of Tariff for supply of power from 96 MW Jorethang Loop Hydro-Electric project of the Petitioner to Uttarakhand Power Corporation Ltd.

In the matter of:

M/s Dans Energy Pvt. Ltd.

.... Petitioner

And

In the matter of:

Uttarakhand Power Corporation Ltd.

...Respondent

CORAM

Shri Subhash Kumar Chairman

Shri K.P. Singh Member

Date of Hearing: 20.09.2016

Date of Order: 20.09.2016

The Order relates to the Petition dated 12.08.2016 filed by M/s Dans Energy Pvt. Ltd. (hereinafter referred to as "Petitioner") seeking determination of tariff for 96 MW Hydro Power Project under Section 62 and 86 of the Electricity Act, 2003 read with relevant provisions of the Uttarakhand Electricity Regulatory Commission (Terms & Conditions for determination of Multi-Year Tariff) Regulations, 2015 read with Chapter VII of UERC (Conduct of Business) Regulations, 2014.

1. Background and Submissions

- 1.1 A Petition was filed under Section 62 and Section 86(1)(a) of the Electricity Act, 2003 read with relevant provisions of the Uttarakhand Electricity Regulatory Commission (Terms &

Conditions for determination of Multi-Year Tariff) Regulations, 2015 and Chapter VII of UERC (Conduct of Business) Regulations, 2014 by the Petitioner seeking determination of tariff for sale of energy generated by the 96 MW Jorethang Loop Hydro-Electric project (hereinafter referred to as “the Project/Plant”) owned by M/s Dans Energy Private Limited (hereinafter referred to as “the Petitioner”) to Uttarakhand Power Corporation Limited (hereinafter referred to as “UPCL” or “the Respondent”).

- 1.2 The Petitioner owns and operates a 2x48 MW run-of-river with pondage hydro-electric power project located on Rangit river, a major tributary of Teesta River, in South Sikkim,. The Project has been operationalized since 30.09.2015. The Project achieved Commercial Operation Date (COD) on 25.09.2015 & 30.09.2015 for Unit 1 & 2 respectively. The plant is CTU connected and power generated by the Project will be transmitted over a distance of approximately 10 km through a dedicated 220 kV line connecting to the Power Grid Corporation of India Limited (PGCIL) 220/400 kV Grid sub-station located at New Melli.
- 1.3 The Petitioner submitted that the 96 MW Jorethang Loop Hydro Electric Project (JLHEP) was developed by M/s DANS Energy Private Ltd as per the Implementation Agreement signed with Government of Sikkim dated 05.12.2005 and the Petitioner has to give 12% free power (15% from 16th year onwards) to the Govt. of Sikkim (GoS) or cash equivalent at the discretion of GoS.
- 1.4 The Petitioner made an offer vide letter dated 29.04.2016 for the supply of power from their plant at Sikkim, to Uttarakhand Power Corporation Limited (UPCL). UPCL, being desirous of procuring long term power from the Petitioner, filed a Petition before the Commission seeking approval of the Draft PPA, proposed to be signed with the Petitioner for purchase of power.
- 1.5 The Petitioner filed a Petition on the same matter on 07.07.2016 before the Commission, which was dealt by the Commission vide its order dated 09.08.2016 wherein the Petition was dismissed as rejected on the grounds stated in the said order. Extract of the order are reproduced as under:

“The Instant Petition is hereby dismissed as rejected. However, the Petitioner is given the liberty to resubmit the Petition on the basis of actual capital cost in accordance with the Regulations.”
- 1.6 In compliance with the above cited order the present Petition was filed for determination

of MYT tariff based on actual capital cost for the following periods:

- (a) For the remaining period of FY2016-17;
- (b) For the period FY2017-18 to FY2018-19;

1.7 The Petitioner through its Petition requested the Commission for the following reliefs:

- (a) Determine the Annual Fixed Charge and cost-plus tariff for the balance period of FY2016-17 and the control period from FY 2017-18 to FY 2018-19 payable by the Respondent for sale of electricity from the Petitioner's Project;
- (b) Determine provisional tariff for supply of power by the Petitioner to Uttarakhand Power Corporation Limited pending disposal of the present petition;
- (c) Allow the recovery of a single-part energy charge (Rs/KWh) in view of the Petitioner seeking tariff for only a fraction of the FY 2016-17;
- (d) Clarify that the payment of Energy Charge shall be linked to the scheduled energy as per injection schedule approved by the Regional Load Dispatch Centre.

1.8 The Respondent submitted its reply in the matter vide its letter dated 19.09.2016.

1.9 The hearing in the matter was held on 20.09.2016 wherein both the Petitioner and the Respondent were heard.

2. Commission's Views and Decision

2.1 Status of the Petition

2.1.1 UPCL vide its written submissions has submitted that it had filed the Petition on Draft PPA to be executed with the Petitioner for approval by the Commission and further that as per the calculations given by the Petitioner, the projected tariff is highly excessive and it would not be possible for it to purchase such costly power and also that UPCL had not made a firm commitment to the Petitioner to purchase power at any rate. However, UPCL has submitted that it would execute the final PPA with the Petitioner if the final tariff determined by the Commission comes to around Rs. 4 per unit.

2.1.2 UPCL also referred to its Power Purchase Plan for next 3 years (i.e. for the 2nd Control Period) wherein it is apparent that it is having deficit of power for various months.

UPCL further submitted that any interim tariff allowable to the Petitioner should be reasonable and should be around Rs. 4.00 per unit equivalent to average price of power from CG Stations and the same should be fixed and shall not be allowed to vary consequent to determination of final tariff by the Commission. In our opinion, UPCL cannot take this stand now.

- 2.1.3 From the above submissions filed by UPCL, it appears that UPCL has without looking into the cost and tariff of the project, proposed to enter into a PPA with the Petitioner's project. Notwithstanding the above, UPCL has now submitted that the projected tariff of the Petitioner's plant is excessively high and that it would not be possible for it to purchase such costly power. However, UPCL has contended that it would execute the PPA with the Petitioner if the final tariff determined by the Commission comes to around Rs. 4 per unit.
- 2.1.4 Moreover, the power purchase plan submitted by UPCL for the second Control Period in accordance with the MYT Regulations and Tariff Order of the Commission, wherein for FY 2017-18 and FY 2018-19 UPCL has projected surplus power of 733 MU & 1230 MU respectively during Summer months and deficit of about 643 MU & 623 MU respectively during Winter months. UPCL is directed to review the power purchase plan keeping in view the availability of power from various sources.
- 2.1.5 It would also be relevant to mention that previously Gati Infra (P) Ltd. had filed a Tariff Petition claiming a tariff of Rs. 5.53 per unit based on the actual capital cost of Rs. 11 Crore/MW. At that time UPCL had refused to buy power from the said generator. The Commission is of the view that there is no rationale for UPCL to purchase power from the Petitioner's plant now keeping in view its requirement of power as per the power purchase plan submitted by UPCL for next three financial years.
- 2.1.6 UPCL is hereby cautioned that in future it should propose any procurement of power only in accordance with perspective power purchase plan laid down by the licensee from time to time. Further, UPCL before proposing to enter into a PPA should have an estimate of the capital cost of the project and the estimated tariffs thereof in accordance with the Regulations of the Commission and that the licensee should make a

conscientious decision based on the cost of power incident on it.

2.1.7 The Instant Petition alongwith the Petition filed by UPCL in the matter of draft PPA and Business Plan Petition earlier filed by the Petitioner is hereby dismissed as rejected.

2.1.8 Ordered accordingly.

(K.P. Singh)
Member

(Subhash Kumar)
Chairman