

**Before**

# **UTTARAKHAND ELECTRICITY REGULATORY COMMISSION**

**Petition No. 44 of 2017 (Suo-Motu)**

**In the matter of:**

Suo-moto proceedings in the matter of non-compliance of Commission's direction issued vide order dated 16.05.2017 regarding the finalization of Station Heat Rate of Gas based Combined Cycle Power Plant of Gama Infraprop Pvt. Ltd. located at Kashipur, Uttarakhand.

**In the matter of:**

Uttarakhand Power Corporation Ltd.

... Respondent

**CORAM**

**Shri Subhash Kumar      Chairman**

**Date of Order: November 28, 2017**

The Order relates to the suo-moto proceedings initiated by the Commission in the matter of non-compliance of Commission's direction issued vide order dated 16.05.2017 regarding the establishment of Station Heat Rate for the contracted capacity of Gas based Combined Cycle Power Plant of Gama Infraprop Pvt. Ltd. located at Kashipur, Uttarakhand.

## **1. Background and submissions**

- 1.1 The Commission vide Tariff order dated 16.05.2017, in the matter of determination of Tariff for FY 2015-16 & for the control period from FY 2016-17 till FY 2018-19 for supply of power to UPCL from 214 MW Gas based Combined Cycle Power Plant of Gama Infraprop Pvt. Ltd. (hereinafter referred to as "the generator") located at Kashipur, directed UPCL to appoint an expert Committee/Consultant for establishing the design Station Heat Rate (SHR) of the Gama's plant for the contracted capacity and submit a report on the same within 3 months of the issuance of the aforesaid Order. The relevant portion of the Order dated 16.05.2017 is reproduced hereunder:

*“Accordingly, so as to arrive at a precise design SHR of the plant, the Commission directs the Respondent to appoint an expert Committee/Consultant for establishing the design heat rate of the Petitioner’s plant for the contracted capacity and submit the report on the same within 3 months of the issuance of this Order. The Petitioner is also directed to provide all the relevant documents/certificate and also to provide necessary assistance to the Respondent in this regard.”*

- 1.2 The generator vide its letter dated 22.09.2017 represented before the Commission to interfere in the matter of finalization of the design SHR as the time given for the same in the direction issued to UPCL by the Commission had already elapsed and the pendency in the matter was causing financial loss to them.
- 1.3 The Commission vide its letter dated 25.09.2017 directed UPCL to submit the compliance report in the matter and also to make its submissions on the issues raised by M/s Gama.
- 1.4 Further, M/s Gama vide its letter dated 23.10.2017, requested the Commission to provisionally approve the recovery of energy charges at the actual gas bills raised by the fuel supplier till the finalization of the design SHR.
- 1.5 UPCL vide their letter dated 28.10.2017 submitted before the Commission that they had approached NTPC to provide the consultancy in the matter and accordingly M/s Gama was asked to submit the requisite documents to NTPC for determination of SHR. UPCL also submitted that since the Commission has given similar directions in the Tariff order of M/s Sravanthi Energy Pvt. Limited, therefore, they may be given additional three months time for determination of design SHR of both the generators together.
- 1.6 The Commission after analysing the replies submitted by the UPCL observed that it had simply submitted a summary of correspondence amongst the licensee & NTPC and based on the same no logical conclusion could be arrived in the matter. Accordingly the Commission issued a show cause notice to UPCL to explain as to why no action should be taken against them for non-compliance of the directives issued by the Commission. UPCL was also required to submit as to why actual energy charges may not be allowed to the generator till the finalization of the design SHR.
- 1.7 UPCL in response vide its letter dated 15.11.2017 submitted that, UPCL being an interested

party, has limitations in scrutinizing the documents submitted by the generator and reaching to a conclusion and therefore UPCL decided to appoint an independent and neutral expert agency. UPCL further submitted that the documents submitted by the generator were not found satisfactory by the expert agency, i.e. NTPC and consensus with respect to the necessary documents could not be reached amongst them.

- 1.8 UPCL also submitted that the request of the generator for approval of Energy Charges at actual gas bills raised by the gas supplier, on provisional basis till determination of SHR, is against the provisions of the Regulations and if relief is to be granted to the generator, it should be done by way of modification in the Tariff Order.
- 1.9 The SHR was provisionally allowed by the Commission with an intent that UPCL would finalise the same within 3 months of the date of the Tariff Order, however, UPCL was unable to comply with the directives of the Commission and even after the passage of 5 months it had again sought time extension of further three months for the same, hence the same has necessitated issuance of this order under Regulation 104 of the MYT Regulations, 2015.

## **2. Commission's views and decision**

- 2.1 The Commission having analysed the submissions made by UPCL and M/s Gama in the matter is of the view that the approach of UPCL in dealing with the issue of finalization of design SHR has been lackadaisical.
- 2.2 As per the directions issued by the Commission in its Order dated 16.05.2017, UPCL was required to finalise the design SHR within 3 months from the date of the Order, however after lapse of more than 5 months, UPCL has now sought time extension of further three months in the matter and that too after a letter dated 25.09.2017 was issued by the Commission.
- 2.3 The impact of non-compliance of the Commission's direction by UPCL on the generator was analysed by the Commission and it was observed that for the period April, 2017 to October, 2017, M/s GAIL has raised the fuel bill of Rs. 161.00 Crore on the generator, against which Energy charge claimed by the generator from UPCL on the SHR provisionally approved by the Commission works out to Rs. 157.55 Crore, thus implying

an impact of Rs. 0.50 Crore per month to the generator on account of non-finalisation of SHR.

- 2.4 The Commission is of the view that if the SHR is left unchanged, the generator will have to absorb the same and alternatively if he is allowed to recover the fuel bills from UPCL at actual till determination of final SHR, there will be a monthly burden of Rs. 0.50 Crore on UPCL which is not too substantial.
  - 2.5 Hence, the Commission is of the view that the request made by M/s Gama to allow recovery of energy charges at actual gas bills raised by the gas supplier till finalization of the SHR will not have substantial impact on UPCL rather it would entail upon UPCL to finalize the determination of design SHR expeditiously.
  - 2.6 Accordingly, the Commission under Regulation 104 of the MYT Regulations, 2015, i.e. Power to Remove Difficulties has decided to provisionally allow M/s Gama to recover the fuel bills at actual from UPCL from the month of November, 2017, till finalization of design SHR by UPCL. For the period April, 2017 to November, 2017 adjustments, if any, would have already been done by both UPCL and the generators based on the provisional SHR approved by the Commission. Hence, the Commission does not consider it reasonable to allow any adjustments for the prior period which would anyhow be subject to adjustments once the final SHR of the generator is approved.
  - 2.7 The Commission further directs UPCL to comply with the direction of the Commission as per the Tariff Order dated 16.05.2017 & 24.10.2017, with respect to finalization of design SHR for both the generators, i.e. M/s Gama Infracorp Pvt. Ltd. & M/s Sravanthi Energy Pvt. Ltd. and submit a report in this regard within next 3 months for approval of the Commission.
3. Ordered accordingly.

**(Subhash Kumar)**  
**Chairman**