

Before

# UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition Nos. 37, 38 & 39 of 2018

**In the matter of:**

Petition seeking approval of the Commission for advance banking of power with M/s PTC India Limited, M/s Mittal Processors (P) Ltd and M/s Arunachal Pradesh Power Corporation Pvt. Ltd. under a banking arrangement with the Uttarakhand Power Corporation Ltd.

**In the matter of:**

Uttarakhand Power Corporation Ltd.

... Petitioner

AND

**In the matter of:**

M/s PTC India Ltd.

M/s Arunachal Pradesh Power Corporation Pvt. Ltd.

M/s Mittal Processors (P) Ltd.

... Respondents

CORAM

**Shri Subhash Kumar      Chairman**

**Date of Hearing: July 24, 2018**

**Date of Order: August 7, 2018**

This Order relates to the Petition filed by Uttarakhand Power Corporation Ltd. (hereinafter referred to as "UPCL" or "Petitioner" or "Licensee") seeking approval of Draft Power Banking Agreement (PBA) to be executed by it with M/s PTC India Limited (hereinafter referred to as "PTCIL"), M/s Arunachal Pradesh Power Corporation Pvt. Ltd. (hereinafter referred to as "APPCPL") and M/s Mittal Processors (P) Ltd (hereinafter referred to as "MPPL") under a banking arrangement.

## **1. Petitioner's Submissions**

1.1. UPCL had filed the Petition under Regulations 81(1) and 82 of UERC Tariff Regulations,

2015 read with Section 86(1)(b) of the Electricity Act, 2003 seeking approval of the Commission on the draft banking agreement for advance banking of the surplus power of 663.6 MUs on firm basis and upto 388.8 MUs on “as and when” basis, from the months of June 2018 to September 2018 which will be received back during the months of October 2018 to May 2019.

- 1.2. The Petitioner submitted that as per the provisions of the Electricity Act, 2003 read with provisions of UERC (Conduct of Business) Regulations, 2014 and Distribution and Retail Supply License, the Petitioner is required to get the approval of the Commission on the banking arrangement to be entered into with M/s PTCIL, M/s MPPL and M/s APPCPL.
- 1.3. The Petitioner submitted that the Commission in its tariff order for FY 2018-19 had directed it to bank the surplus energy during the months of May, 2018 to September, 2018 and withdraw the same in the month of October, 2018 to March, 2019. The Petitioner further submitted that the plan for banking has shifted to June, 2018 to September, 2018 for advance banking and withdrawing the same from the month of October, 2018 to March, 2019.
- 1.4. The Petitioner invited the tender for the same in which 3 bidders participated namely M/s PTCIL (source: Haryana Power Purchase Committee & BSES Rajdhani Power Ltd.), M/s MPPL (source: Noida Power Company Ltd.) and M/s APPCPL (source: Punjab State Power Corporation Ltd., Noida Power Company Ltd. & BSES Yamuna Power Ltd.). The Petitioner further submitted that after the detailed consideration on the various offers received, LoAs have been issued to aforesaid 3 Nos. bidder based on return percentage and quantum of power as summarized below:

**M/s PTC India Ltd.**

Month	Mode “Firm basis”			Mode “As & when basis”			Month of return	Trading margin payable by UPCL during return banking	Delivery Point
	Quantum of power to be supplied by UPCL (MW)	Power supplied to	% Return	Quantum of power to be supplied by UPCL(MW)	Power supplied to	% Return			
Jul-18	50	BRPL	107	100	BRPL	107	Oct-18 to Mar-19	Paise. 1.45 per unit	Northern Region Periphery
Aug-18	-	-	-	50	BRPL	107			

**M/s Mittal Processors Pvt. Ltd.**

Month	Name of the Bidder	Mode "Äs & when basis"			Month of return	Trading margin payable by UPCL	Delivery Point
		Quantum of power to be supplied by UPCL (MW)	Power supplied to	% Return			
Jul-18	M/s MPPL	50	NPCL	107	Oct-18 to Nov-18	Paise. (-) 0.02 per unit	Northern Region Periphery
Aug-18		50	NPCL	107			

**M/s Arunachal Pradesh Power Corporation Ltd.**

Month	Name of the Bidder	Mode "Firm basis"			Mode "ÄS & when basis"			Month of return	Trading margin payable by UPCL	Delivery Point
		Quantum of power to be supplied by UPCL (MW)	Power supplied to	% Return	Quantum of power to be supplied by UPCL (MW)	Power supplied to	% Return			
01-06-2018 to 15-06-2018	M/s APPCPL	-	-	-	75	BYPL	112.5	Oct-18 to May-19	Paise 4 per unit	Northern Region Periphery
16-06-2018 to 30-06-2018		200	PSPCL	116	75	BYPL	112.5			
Jul-18		300	PSPCL	116	100	BYPL	112.5			
Aug-18		300	PSPCL	116	100	BYPL	112.5			
01-09-2018 to 15-09-2018		200	PSPCL	116	-	-	-			
16-09-2018 to 30-09-2018		100	PSPCL	116	-	-	-			

1.5. The Petitioner submitted that in order to ensure consistent electricity supply to its consumers, the best way to utilize the surplus power and for further cheaper arrangement of power in deficit position, the Petitioner after evaluating the proposals has proposed to enter into a Banking Agreement with M/s PTCIL, M/s MPPL and M/s APPCPL for the quantum and period as discussed above. In addition to the above and with the view to manage the additional surplus power, if any, the aforesaid parties have agreed upon for banking on day ahead basis with UPCL, and return of the same from October 2018 to May 2019 on the same terms & conditions.

1.6. The Petitioner also submitted that actual and final quantum of power to be banked with aforesaid bidders will be known after the month of September 2018 and the bidders are required to return energy (in MU) to UPCL based on the return percentage quoted by them during the period from October 2018 to May 2019. Such clause has already been incorporated in the draft Energy Banking Agreement. The banking of power will be the most cost-effective arrangement, i.e. Advance banking of power for the utilizing of surplus power and further the same power will be taken back during deficit period. The Petitioner

has planned to take back banked power from October 2018 to May 2019 when it is in power deficit. Moreover if the said arrangement is not considered then the Petitioner will have to either procure power from the power exchange or to go for short term power procurement which may be an expensive proposition and may consequently & unnecessarily burden the consumers.

1.7. The Commission also held a hearing in the matter on 24.07.2018.

## **2. Commission's Views & Decisions**

### **2.1. Legal Requirement for approval of PPA**

2.1.1. A power banking agreement is a legal document incorporating operational, technical & commercial provisions to be complied in accordance with the relevant rules & regulations.

2.1.2. Regulation 81(1) of the UERC Tariff Regulations, 2015 provides that power purchase/banking/trading agreements as approved by the Commission shall be considered to determine the power purchase cost of the distribution licensee. Further, Section 86(1)(b) of the Electricity Act, 2003 stipulates that one of the function of the Commission is to regulate electricity purchase and procurement process of the distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State.

2.1.3. The Commission vide its Tariff Order dated 21.03.2018 directed the Petitioner to bank the surplus energy during the month of April, 2017 to September, 2017 and withdraw the same in the month of October, 2017 to March, 2018. The relevant extract of the said Tariff Order is as follows:

*"However, as per the Commission's projection as against the energy requirement of 14123.57 MU during FY 2018-19, the total estimated energy available from firm sources is 14426.32 MU leaving an overall surplus of 302.75 MU. However, as per month wise requirement and energy availability the monthly deficit during winter months works out to 614.81 MU and monthly surplus during summer and monsoon month works out to 917.56 MU. The Commission directs the Petitioner to bank the surplus energy during the month of May 2018 to September 2018 and withdraw the same in the month of October 2018 to*

*March 2019. The balance 302.75 MU of power can be banked for the next financial year FY 2019-20.*

*The Petitioner should put its sincere efforts to suffice its need during deficit period from the surplus energy available during the monsoon period through appropriate banking.”*

2.1.4. Accordingly, in accordance with the requirement of the Act, Regulations and Order referred above, UPCL is required to seek approval of the draft Power Banking Agreement proposed to be entered by it from the Commission.

## **2.2. Commission’s Analysis of the PBA and Order on the same**

2.2.1. The draft Power Banking Agreements is to be entered into between UPCL and M/s PTCIL, M/s MPPL and M/s APPCPL for supply of 663.6 MUs on firm basis and upto 388.8 MUs on “as and when” basis, from the months of June 2018 to September 2018 which will be received back during the months of October 2018 to May 2019 on the terms and conditions as discussed before.

2.2.2. The draft PBA submitted by UPCL has been examined in light of the relevant rules & regulations. The Commission observed that the draft PBA submitted by UPCL are consistent with the provisions of the Act/Regulations, however, UPCL should ensure that place for dates are duly filled and completed while signing the final PBA.

2.2.3. Further, M/s. Mittal Processors (P) Ltd. in its comment submitted that there is a typographical mistake in the comparison sheet in the Petition where name of the bidder corresponding source of power (PSPCL and BYPL) has been incorrectly mentioned as MPPL instead of APPCPL. UPCL is directed to make necessary amendment to this regard in the draft PPA.

2.2.4. Moreover, M/s. Arunachal Pradesh Power Corporation (P) Ltd. in its comment submitted that there is a typographical error in Para 4 (Point iii) of the Petition. UPCL is directed to amend the said clause in the draft PPA in accordance with the bid document and LoI issued to the trader based on its requirement of power during the winter months.

2.2.5. UPCL is directed to make the necessary changes in the draft PPA and submit the final

signed PPA within 2 weeks of the date of Order.

3. Ordered accordingly.

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