

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

In the matter of:

Application seeking prior approval of Uttarakhand Electricity Regulatory Commission on the Draft Power Purchase Agreement between Uttarakhand Power Corporation Limited and M/s Tata Power Trading Company Ltd. for procuring Non-Solar RE Energy on short term basis.

In the matter of:

Uttarakhand Power Corporation Limited ... Petitioner

AND

In the matter of:

M/s Tata Power Trading Company Ltd. ... Respondent

CORAM

Shri Subhash Kumar Chairman

Date of Hearing: July 03, 2018

Date of Order: July 23, 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 the Draft Power Purchase Agreement for procuring Non-Solar RE Energy on short term basis from M/s Tata Power Trading Company Ltd.

1. Background, Petitioner's Submissions & Respondent's Comments

1.1. The Licensee under Section 86(1)(b) of the Electricity Act, 2003 and in accordance with Regulation 74(1) of the UERC (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2015, Regulation 39(3) of the UERC (Conduct of Business) Regulations, 2014, Regulation 9 of the UERC (Tariff and Other Terms for Supply of Electricity from Non-conventional and Renewable Energy Sources) Regulations, 2013 & Chapter-II of the Uttarakhand Electricity Regulatory Commission (Conduct of Business) Regulations, 2014

filed a Petition dated 15.06.2018 seeking approval of the Commission on the Draft Power Purchase Agreement.

- 1.2. The aforesaid PPA was being executed by UPCL for procurement of Non-Solar Renewable Energy on short term basis with M/s Tata Power Trading Company Ltd.
- 1.3. The Petitioner submitted that it has fulfilled its RPO upto FY 2016-17, whereas for FY 2017-18 unmet non-solar & solar RPO is 128.78 MUs and 123.34 MUs respectively.
- 1.4. The Petitioner submitted that expected deficit for FY 2018-19 of non-solar & solar RPO is 32.45 MUs & 191.00 MUs respectively and, accordingly, expected total RPO deficit till FY 2018-19 for non-solar & solar is 161.23 MUs & 314.34 MUs respectively.
- 1.5. The Petitioner submitted that so as to fulfill the pending RPO compliances, it had floated a tender no. 13/CE(Comm)/UPCL-13/2017-18 (Non-Solar) for procurement of Non-Solar RE Power in the month of February 2018 through DEEP portal and secured the required quantum in the respective months as tabulated below:

Month	Quantum floated (In MW)	Quantum floated (In MU)	Quantum secured (In MW)	Quantum secured (In MU)
17 th Mar-31 st Mar 18	75	27.00	0	0
Apr-18	30	21.60	28	20.16
May-18	30	22.32	30	22.32
Oct-18	30	22.32	30	22.32
Nov-18	30	21.60	30	21.60
Dec-18	62	46.13	24	17.85
Total		161.00		104.25

- 1.6. The Petitioner submitted that 75 MW Non-Solar RE Power planned to be purchased in the month of March 2018 could not be scheduled as the rate quoted after Initial Price Offer (IPO) and conducting e-Reverse Auction (eRA) by bidder for the month of March 2018 were Rs. 4.99/KWh which were higher than the limit of Rs. 4.75/KWh fixed by the Commission, thereby leaving a deficit of around 57.00 MUs.
- 1.7. The Petitioner submitted that once again in the month of April 2018 considering the remaining quantum of power that was not secured in the earlier tender, it floated a tender on 01-05-2018 for purchase of Non-Solar RE Power through DEEP Portal as per the following requirement:

Month	Quantum in MW	Delivery Point
June-18	25	Uttarakhand State Periphery
July-18	25	
Aug-18	25	
Sep-18	25	
Jan-19	15	
Feb-19	15	
Mar-19	15	

1.8. The Petitioner submitted that the tender was opened on 15.05.2018, and after opening of Initial Price Opening (IPO) and conducting e-Reverse Auction at DEEP Portal, M/s Tata Power Trading Company Ltd. has been selected as the successful bidder for supply of power on the rate and quantum as summarized below:

M/s Tata Power Trading Company Ltd.

Month	Quantum of power (MW)	Delivery Point	Rate quoted at delivery point (Rs./kWh)
June-18	25	Uttarakhand State Periphery	4.72
July-18	25		4.72
Aug-18	25		4.69
Sep-18	25		4.68
Jan-19	7		4.72
Feb-19	7		4.72
Mar-19	10		4.72

1.9. UPCL issued LoI dated 20.05.2018 to M/s Tata Power Trading Company Ltd. on the rate and quantum as detailed in the above table. UPCL thereafter submitted the draft PPAs for approval of the Commission.

1.10. UPCL submitted that it desired to purchase the energy from the aforesaid bidder on the terms and conditions as agreed between both the parties as per the terms and condition laid down in draft Power Purchase Agreement. In this regard, UPCL also submitted a copy of the Draft Power Purchase Agreements to be entered with M/s Tata Power Trading Company Ltd.

1.11. Meanwhile, M/s Tata Power Trading Company Ltd. (hereinafter referred to as "M/s TPTCL"), with respect to draft PPA for procurement of power by UPCL from them, submitted that delivery point in the draft PPA is defined as Uttarakhand State Periphery.

The source of power supply (Non-Solar Renewable Energy) is from M/s Bhilangana Hydro Power Limited (BHPL) which is connected to PTCUL Transmission system at Bhilangana-III Switchyard (i.e. Interconnection Point with STU), through Ghuttu - Ghansali - Chamba transmission line. The metering arrangement is available at Bhilangana-III Ex- bus, i.e. Ghuttu and there is no metering arrangement at Ghansali. It is pertinent to submit that a 220 kV sub-station at Ghansali was supposed to be developed by PTCUL. However, the said development has not been carried out till date. Further, metering arrangement is available at Chamba.

- 1.12. M/s TPTCL submitted that metering points are available at Ghuttu and at Chamba and there is no metering arrangement at Ghansali, therefore, difference between meter reading at Ghuttu and at Chamba may be computed as a reference for line losses. Based on this reference, line losses of Ghuttu Ghansali transmission line may be established using the pro-rata methodology as length of Ghuttu Ghansali line as well as Ghansali-Chamba line in kilometers are known. Accordingly, energy at delivery point, i.e. Uttarakhand State periphery may be calculated after considering this estimated loss from energy injected at Ex-bus of Bhilangana Hydro Power Limited. M/s TPTCL also requested that instead of taking reading at two points every time twice a month for processing of bill, loss for line may be fixed once and, thereafter, these losses may be factored for processing of bill after joint meter readings at Ghuttu.
- 1.13. M/s TPTCL submitted that the Transmission charges of Ghuttu Ghansali line are to be paid by Generator, BHPL and the payment to PTCUL towards transmission charges of Ghuttu Ghansali line for the months of April 2018 and May 2018 and future payment towards the aforesaid transmission charges shall be made by BHPL in timely manner.
- 1.14. M/s TPTCL further submitted regarding applicability of Open Access for supply of power from Renewable Energy source, i.e. Bhilangana Hydro Power Limited to UPCL, M/s TPTCL/BHPL is not required to apply for Open Access application based on Clause 11 of PPAs signed with UPCL on 11th April 2015, 1st Oct, 2015 and 16th March, 2016 which were duly approved by the Commission. The relevant para of Clause-11 is reproduced below:

“Scheduling Procedure: Since the energy accounting shall be as per the relevant provision of UERC (Tariff and Other Terms for Supply of Electricity from Renewable Energy Sources and non- fossil

fuel based Co-generating Stations) Regulation, 2013 based on Joint Meter Reading (JMR), scheduling would not be applicable. However, TPTCL shall provide a tentative schedule to SLDC to facilitate planning. "

It was further submitted that Open Access charges wherever applicable are applicable in Inter-State supply of power and the same do not apply for Intra-State supply (Bhilangana-III to the Petitioner) of power.

- 1.15. M/s TPTCL further submitted that, booking of Open Access and Scheduling of power from Bhilangana SHP was not applicable in the earlier PPAs for the period FY 2015- 16, FY 2016-17 and FY 2017-18 finally approved by the Commission. In view of the same, M/s TPTCL requested before the Commission for deletion of the requirement of booking of transmission corridor and scheduling from clause 5 & Clause 6 of the draft PPA for the supply of power in FY 2018-19 ie. June to September, 2018 and January to march, 2019.
- 1.16. The submission made by M/s TPTCL was sent to UPCL for submitting their comments on the same, however no comments have been filed by UPCL on the same till date.
- 1.17. The Commission also held a hearing in the matter on 03.07.2018, wherein both the Petitioner and the Respondent submitted that in accordance with the direction of the Commission in its Order dated 28.06.2018 they are jointly working out the methodology for computation of line losses considering the deemed delivery point at Ghansali. Petitioner's submission, Respondent's reply and the Commission's views on the same is discussed in the subsequent paras.

2. Commission's Views & Decisions

2.1. Legal Requirement for approval of PPA

- 2.1.1. A PPA is a legal document incorporating operational, technical & commercial provisions to be complied in accordance with the relevant rules & regulations.
- 2.1.2. 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. Further, the Distribution and Retail Supply License issued by the Commission lays down certain conditions of license, which amongst others also has the following:

“5.1 The Licensee shall be entitled to:

(a) ...

(b) Purchase, import or otherwise acquire electricity from any generating company or any other person under Power Purchase Agreements or procurement process approved by the Commission;

...”

(Emphasis added)

2.1.4. Regulation 39 of UERC (Conduct of Business) Regulations, 2014 specifies as under:

“(1) The distribution licensee shall file with the Commission in complete form copies of all Power Purchase Agreements already entered into by it.

(2) The distribution licensee to establish to the satisfaction of the Commission that the purchase of power by it is under a transparent power purchase procurement process and is economical and the power is necessary to meet its service obligation.

(3) The Distribution licensee shall apply to the Commission for approval of the draft Power Purchase agreement that it proposes to enter into with the suppliers. The Commission may pass orders:

(a) Approving the agreement; or

(b) Approving the agreement with modifications proposed to the terms of the agreement; or

(c) Rejecting the agreement.

....”

2.1.5. In accordance with the RE Regulations, 2013 licensee is required to comply with the renewable purchase obligation as provided in the Regulations.

2.1.6. Ministry of Power vide its notification dated 30.03.2016 issued “Guidelines for short-term (i.e. for a period of more than one day to one year) Procurement of Power by Distribution Licensees through Tariff based bidding process”. Clause 4.1 of these guidelines provides that:

“The Procurer(s) shall procure short term power as per the plan approved by Appropriate

Commission or appropriate body as may have been constituted for the purpose by the Appropriate Commission. In such case the Distribution Licensees will intimate about the initiation of the procurement process to the Appropriate Commission."

In addition, Regulation 72 & 73 of the UERC (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2015 also provide for preparation of power procurement plan and approval of the same by the Commission.

2.1.7. Clause 11.4 of the MoP guidelines provides that:

"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."

The Commission while approving UPCL's power purchases in its Tariff Order dated 21.03.2018 has specified the ceiling rate for procurement of non-solar power in respect of UPCL's RPO compliances as Rs. 4.75 per unit.

2.1.8. Since the rate of short-term non-solar RE as being procured from M/s Tata Power Trading Company Ltd. as submitted by the Petitioner, are within the specified limits in terms of per unit cost. Hence, in accordance with the above condition of the MoP guidelines, the same is being considered and adopted by the Commission.

2.1.9. Further, the short term tender was floated by UPCL for supply of RE power at the State periphery and the generator from which power will be sourced by M/s TPTCL is located in the State of Uttarakhand at a dedicated 220 kV Bhilangana-III to Ghansali line, therefore, all the charges and losses till Ghansali will have to be borne by M/s TPTCL in accordance with the Open Access Regulations as well as RE Regulations, 2013. A 220 kV sub-station was proposed at Ghansali by PTCUL, however, due to its inefficiency the commissioning of the sub-station has got delayed and work on the same has not yet been started. Had the sub-station been erected, the power from M/s TPTCL would have been received at 220 kV substation at Ghansali and input energy would have been metered therein as the same would have been the delivery point as per the PPA. However, the trader cannot be penalized by asking it to bear the losses till 220 Chamba S/s, where the 220 kV line from Bhilangana-III is interconnected.

2.1.10. Moreover, with regard to computation of line losses for the Ghuttu-Ghansali transmission line, the Commission in its Order dated 28.06.2018 while deciding on the similar issue has held as under:

“...However, the trader cannot be penalized by asking it to bear the losses till 220 Chamba S/s, where the 220 kV line from Bhilangana-III is interconnected. UPCL’s submission in this regard is also in contradiction to the bid document. Hence, as proposed by M/s TPTCL and agreed upon by PTCUL, the Commission directs M/s TPTCL, PTCUL and UPCL to sit jointly and work out the methodology for computation of line losses considering the deemed delivery point at Ghansali and submit the report within 2 weeks of the date of Order.”

2.1.11. In response to the Commission’s direction, UPCL vide its letter dated 17.07.2018 submitted the minutes of meeting, duly signed by officers/representative from PTCUL, UPCL and M.s TPTCL, regarding methodology for computation of line losses considering the deemed delivery point at Ghansali. As per the minutes of meeting submitted by UPCL the methodology for calculation of line losses is reproduced hereunder:

“The calculation of losses will be based on the joint meter readings to be taken by M/s TPTCL (Source of power from Bhilangana-III), UPCL and PTCUL at Chamba Sub-station and simultaneously at Ghuttu (Bhilangana-III) every fortnight at 00:00 Hrs. and then the losses for 220 kV Ghuttu (Bhilangana-III)-Ghansali line will be calculated on pro-rata basis as per the line length from 220 kV Ghuttu (Bhilangana-III)-Ghansali line i.e. 19.35 Km and the total line length from Chamba to Ghuttu (Bhilangana-III) is 54.635 Km. The derived formula for calculation of percentage of losses of 220 kV Ghuttu (Bhilangana-III)-Ghansali Line is as follows:-

*% losses of 220 kV Ghuttu (Bhilangana-III)-Ghansali Line
= (Multiplication factor= 0.3542) * (percentage losses on Chamba-Ghuttu (Bhilangana-III) Line)”*

2.1.12. The Commission is of the view that aforesaid methodology for calculation of line losses finalized between UPCL, PTCUL and M/s TPTCL may be followed in the instant case also, while computing line losses for the Ghuttu Ghansali transmission line, for supply of power by M/s TPTCL to UPCL as per the LOI dated 20.05.2018.

- 2.1.13. The draft PPA has been examined which is in accordance with the Regulations. However, compliance of the guidelines issued by the MoP and the Regulations is mandatory for all short-term procurements of power by the Petitioner in future.
- 2.1.14. Ordered accordingly.

(Subhash Kumar)
Chairman