



Chhattisgarh State Electricity Regulatory Commission

Civil Lines, G.E. Road, Raipur – 492001

Tel: 0771-5073555, Fax-5073553

Suo Motu Petition No. 02/2004

Chhattisgarh State Electricity Board, Raipur -

Respondent

ORDER **(Passed on 22.01.2005)**

On behalf of respondent CSEB, Shri V.K.Jain, CE (Commercial) and Shri S.N.Chouhan, SE (Commercial) appeared.

2. The respondent has not submitted any written reply and makes oral submission. Shri S.N.Chouhan, SE, on behalf of CSEB, reiterates his contention that the agreements have been signed as per the policy of the GoI and of the State Govt. with regard to power plants based on non-conventional sources of energy. It is also submitted that deletion of the clauses in the PPAs relating to tariff and wheeling charges would put the projects in jeopardy and it would not be able to receive financial assistance from IREDA.

3. CREDA, the nodal agency in the State on non-conventional energy sources appears in response to the Commission's notice and submits that not only the tariff should be retained but also the annual escalation of 5% on the present tariff, which is as per the policy of GoI, should be permitted, as the projects are not likely to be financially viable otherwise.

4. CREDA also submits a list of such power plans to whom permission has been granted by them and also a list of pending applications.

5. The Commission heard CSEB and CREDA on these issues and orders as follows:-

(1) The 3 PPAs which CSEB has entered into with M/s Neeraj Power, M/s Shanti Power & Ispat and M/s Rukmini Power & Steel need not be declared null and void as that would imperil these three projects. The tariff clauses may also be allowed to stand for the time being as the projects will take quite some time for implementation and hence the tariff is not very material at present.

(2) The Board shall not enter into any fresh PPA with any other such units without permission of the Commission as it would amount to a contravention of provisions of the Electricity Act, 2003.

(3) CREDA, which is the nodal agency for all non-conventional sources of energy requested that they would like to submit a petition seeking orders of the

Commission in respect of not only tariff and wheeling charges but also third party sale, obligation of CSEB or its successor agency to buy power from such units and other related issues. The Commission directs CREDA to submit the petition as early as possible. Once a policy decision has been taken by the Commission on these issues, the subsisting PPAs with CSEB may be modified as per these decisions. Till then the provisions in the PPAs in three cases mentioned in (1) above in so far these relate to tariff and wheeling charges shall not be operative.

- (4) CREDA should inform all existing non-conventional power producers and the companies, which have been selected by the agency for setting up such units in the State, about the petition.
- (5) CREDA should take up with GoI, Ministry of Non-conventional Energy Sources and Ministry of Power regarding their policy in this regard, which also includes guidelines regarding tariff and wheeling charges since these matters are now within the jurisdiction of the Regulatory Commissions after the Electricity Act 2003 has come into force. Related to this important issue is the provision of financial assistance by IREDA to such units. In view of the provisions of the Act, IREDA should not insist on PPAs for financing such projects and assurance by the Electricity Board/distribution licensee/consumers for purchase of power should be treated as sufficient guarantee for sale of power. The financial viability of such projects should also be assessed on the basis of the prevailing rate of electricity tariff in the State. CREDA should take up this matter suitably with GoI.
- (6) Action taken on the above issues be brought to the notice of the Commission within a reasonable time, say one month

Sd/-
(Sarat Chandra)
Member

Sd/-
(S.K. Misra)
Chairman