



Chhattisgarh State Electricity Regulatory Commission

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

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Suo Motu Petition No. 41/2005(M)

Chhattisgarh State Electricity Board, Raipur - Respondent

Copy of Order sheet dated 08.12.2005

Shri M.K. Agrawal and Shri S.N. Chouhan, Addl. CEs present on behalf of the CSEB. CSEB has since submitted a written reply on 6.12.2005 and it has been clarified by them that the 'overall purchase rates' as mentioned in the tariff order dated 15.6.2005 was construed by them as weighted average rate of purchase. It is under this impression that they did not seek the approval of the Commission as required under law for purchase of power at a rate higher than Rs.3.30 per unit. The CSEB has also taken recourse to the proviso to clause (a) of sub-section (1) of Sec. 62. Both these pleadings are not tenable. The 'overall rate' mentioned in the tariff order does not mean weighted average rate, it only means the overall of the peak and off-peak rate. The average purchase rate of the CSEB during the year is projected at Rs.2.76 per unit. Therefore, the Commission could not have fixed the average rate of Rs.3.30 per unit for purchase of power. This was clearly the maximum rate at which the Board should purchase power during the year.

2. The second contention has no basis. Neither the CSEB approached the Commission to fix the minimum and maximum rate for purchase of power in pursuance of an agreement, nor has the Commission passed any such order. Therefore, there is no basis for the Board taking recourse to the proviso to clause (a) of sub-section (1) of Sec. 62.

3. As regards the second issue that the Board did not tap the surplus power available with CPPs in the State at a rate lower than the purchase rate from traders, it has been submitted that the CSEB had floated tenders for purchase of power and negotiations are on with the bidders for reducing the rate. It is stated by Shri Agrawal that the CSEB has made a counter offer at the rate of Rs.2.32 per unit to all CPPs and only two viz. M/s Bajarang Power (3 MW) and M/s HEG (1.5 MW) have agreed to supply power at this rate. Apart from these two, M/s Jayaswal Neco Ltd. has agreed to supply power at this rate subject to the condition that the power supply at LF below 70% but not below 40% the rate should be reduced proportionate to the LF and power below 40% LF should be treated as infirm power and be paid at the rate of Rs.1.00 per unit.

4. The Commission has separately received a letter addressed to CE (Commercial), CSEB from BALCO offering 110 MW in December, 2005 and January, 2006 and 80MW and 40MW in February and March 2006 respectively and 35MW continuously thereafter, at a rate of Rs.2.82 per unit. This is a much larger offer than the offer received from other two CPPs mentioned above. The representatives of the Board

submit that no decision has been taken on this offer yet due to procedural problems. Since the Board proposes to purchase power from the trader during the months of December, 2005 and January, 2006 is only 50MW during peak hours, purchase of power from BALCO may obviate the need for purchase from traders at a much higher rate during these two months. It makes no economic sense in purchasing power at higher rate when more power a lower rate is on offer in the State. It is not clear to the Commission why the CSEB does not take a decision on this offer quickly and insist on purchasing power at a much higher rate from traders, this causing a financial loss to the Board.

5. The representatives of the CSEB submit that they will now make another offer to the CPPs to supply power at Rs.2.32 per unit with the LF of 70% and above and $Rs.2.32 \times LF/0.7$ for below 70% LF. However, since BALCO has already submitted a counter-offer on the 6th Dec. '05 they would consider it as it is. The CSEB has not explained why it has not been possible to consider BALCO's offer which could obviate the need for purchase of power from traders at a higher rate.

6. Under the circumstance the Board is directed to take a decision regarding purchase of power from CPPs, including BALCO, by 12th December, 2005 and submit to the Commission for approval. After such purchase they should assess their further requirement, if any, from traders. The Commission would be in a position to consider the proposed purchase from three traders to which the Commission has objected only thereafter.

7. The case may be fixed for 13.12.2005 at 11.00 a.m.

8. A copy of the order may be made to the CSEB although these directions have been conveyed to the two representatives present today.

Sd/-
Member

Sd/-
Chairman

True Copy

(N.K.Rupwani)
Secretary