



Petition No. 45 of 2017(M)

In the matter of:

Adoption of tariff for purchase of short term RTC 200 MW additional power during September 2017 (13.09.17 to 30.09.17) and RTC 300 MW during October 2017 through competitive bidding process in accordance with guidelines issued by Govt. of India under section 63 of the Electricity Act 2003 and approval for purchase beyond ceiling rates prescribed by Commission for this purpose during 2017-18.

Chhattisgarh State Power Distribution Company Limited ... Petitioner

Present: Narayan Singh, Chairman

Arun Kumar Sharma, Member

**Order Dated
(September 20, 2017)**

CSPDCL has filed the petition for adoption of tariff for purchase of short term RTC power to meet its power requirement for period of September 2017 (13.09.2017 to 30.09.2017) and October 2017. The rates of this has been discovered through competitive bidding process (DEEP e-bidding portal route) in accordance with guidelines issued by GoI under section 63 of the Act for short term procurement of power. CSPDCL has requested for approval of purchase of RTC power as the rates discovered in bidding is above maximum approved ceiling rate.

The proposal of CSPDCL is as under;

Period	Required Quantum (MW) RTC	Successful Bidder	Offered Quantum (MW) RTC	Source	Tariff (Rs./kWh)
13.09.17-30.09.17	300	PTC India Ltd.	200	Teesta Urja Limited Sikkim	5.00
01.10.17-31.10.17	300	Manikaran Power Ltd.	100	VS Lignite Power Pvt. Rajasthan	4.08
		PTC India Ltd.	150	Jindal Power Limited. (JPL) Chhattisgarh	4.08
		PTC India Ltd.	50	Jaypee Nigrie Super Thermal Power Project. (JNSTPP) MP	4.08

2. Para 11.4 of the guidelines No. 23/25/2011-R&R (Vol-III), dtd. 30th March 2016 issued by Government of India is reproduced below;

"11.4 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. In all other cases, the Procurer(s) shall submit a petition to the Appropriate Commission for adoption of tariff within 2 days from the date of signing of PPA, Appropriate Commission should communicate the decision within 7 days from the date of submission of petition."

Accordingly, petition no 45 of 2017 was registered based on CSPDCL submission. For disposal of the petition, a regulatory process (stakeholder consultation) was conducted. Comments and suggestions were invited and hearing was held on 18.09.2017. List of person attended hearing are enclosed herewith this order.

3. CSPDCL has desired interim relief of the LOI issued to the M/s PTC India Limited, vide letter No. 02-02/SE-PP-II/EE-III/1720 dated 11.09.17 for supply of power on short term basis through DEEP e-bidding portal for the period 13.09.17 to 30.09.17 for the timing 00:00 hours to 24:00 hours.

4. CSPDCL Submission.

CSPDCL has stated following facts in support of their proposal:

- that due to unprecedented draught like situation in more than 71% geographical area of state, electricity demand has shown a record hike of about 4200 MW during September 2017 because of the persistence of air-conditioners/coolers due to high ambient temperature along with additional agricultural load arrived to the system.
- that availability from all long-term sources is in the range of about 3200 MW during September and October 2017 and due to shortage of coal supply/ wet coal, power houses of central generating stations and state generating stations are constrained presently to operate at optimum efficiency.
- that in pursuance to approval given by Commission vide its order dated 20.06.17 in petition No.21 of 2017, a quantum of 200 MW and an additional quantum of 115 MW out of requisitioned 400 MW on RTC basis is available under short-term for September 2017.

- that present market scenario prevailing in power sector in country where a day ahead transaction under Energy Exchange is cleared at a maximum rate of Rs.8.10 per unit and short-term power ranging beyond Rs.5/- per unit, the purchase of power from other sources would be difficult.
- that ceiling rates prescribed by Commission constrains to meet its requirement from power exchanges , for this purpose only a huge area in the state were undergoing load-shedding ranging from 200 MW to 600 MW from 01.09.17.
- that present market prices is evident from the fact that towards a requisition of 300 MW for September 2017, petitioner has received an offer of just 200 MW at a rate of Rs.5.00 per unit. However during October 2017 availability of 300 MW at bid rates i.e. Rs.4.08 per unit is subjected to issuance of LoI within a period of 15 days from the date of opening of bid.

With facts as narrated above, CSPDCL has requested for approval of purchase of short term RTC power above benchmark rates and adoption of tariff for the period 13.09.17 to 31.10.17.

5. During the hearing dated 18.09.2017, the submission made by Mr. Kabra is as follows;

- that the rates of Short term power shooting upwards enormously for the month of September from Rs.2.70 to Rs.5.00 and for October 2017 from Rs. 2.67 to Rs. 4.08,causing great concern about increase in Aggregate Revenue Requirement (ARR) for FY 2017-18.
- The impact on Aggregate Revenue Requirement should be examined and the details of the quantum and cost of short term power / proposed to be spent till November 2017 should be provided by licensee.
- Due to present imbalance in availability of power and demand since June'2017, Industries situated in Urla and Silatara Industrial area are hit very severely due to scheduled and unscheduled load shedding and power-cut and relief is not drawn from other areas of the states, and the same fact is confirmed by CSPDCL in its petition (45/2017), that out of total 226 hours of load-shedding from 01.09.17 to 19.09.17, about 107 hours are drawn from Urla and Siltara Industrial area. Also Urla and Siltara Industrial area being

the major revenue area for CSPDCL itself and the T&D losses are extremely negligible, hence such severe load shedding will not only cause negative impact on commercial viability of industries, equipment loss and accidents but also affect the revenue of CSPDCL itself. Hence CSPDCL should be directed to minimize unscheduled load-shedding and stern action should be taken on feedback from consumers.

- A Demand-side management plan must be prepared, as a ready-reckoner in deficit situations, under consultation with consumers and prior approval from the Commission. Industrial concentration in various parts of the State may be divided into 7 zones and scattered weekly off-day for the purpose of electrical maintenance and scheduled/ unscheduled Load Shedding may be decided to regulate demand of electricity by industrial consumers. Same approach may be adopted with other consumer categories.

6. Additional Submission by CSPDCL:-

- CSPDCL was asked vide letter No.1320 dated 13.09.17 to submit the status of short-term power purchase made by petitioner during 2017-18 so far. Accordingly, CSPDCL submitted status from April '2017 to July '2017 showing quantum, amount and per unit rate towards purchase of power from energy exchanges and competitive bidding process, as shown in table below:-

Sl. No.	Particulars	Purchase through power exchanges	Purchase through DEEP portal	Total
1.	Quantum of Purchase (In MUs)	82.48	198.50	280.98
2.	Amount of Purchase (In Crore)	24.69	65.69	90.38
3.	Rate (in rupees per unit)	2.99	3.31	3.21

CSPDCL stated that from the above table it is evident that the rates arrived for purchase from Energy Exchange and DEEP portal, individually exceeds the average rates as mentioned in Tariff Order dated 31.03.2107 where the Commission had allowed CSPDCL to purchase 1000 MU under short term power purchase from Energy Exchanges and Traders at an average rate of 2.60 per unit to meet the consumer supply during 2017-18.

CSPDCL further added that the rates arrived in power exchange are discovered by a process which is beyond the control of CSPDCL and similarly the purchase conducted under DEEP portal is also through E-bidding process set by Govt. of India under guidelines issued in accordance to provisions of Section 63 of Electricity Act '2003, wherein rates arrived are through a competitive process.

Commission's Analysis and Decision

7. As per the submission of the CSPDCL, the Commission has granted approval of LOI issued to M/s PTC India Limited vide letter No. 02-02/SE-PP-II/EE-III/1720 dated 11.09.17.
8. The Commission agreed to the view of Mr.Kabra and directed the licensee to provide the latest details of quantum and cost of short term power available with them, so that its impact on Aggregate Revenue Requirement can be examined. The licensee has submitted the desired details. It appears that the average rate of short term power procured from April' 2017 to July' 2017 is higher than as estimated in the Tariff Order.
9. Considering the facts and circumstances of increased power demand and power availability from all sources, the Commission hereby makes the order to purchase short-term power as proposed by CSPDCL which is as under for the period of 13.09.2017 to 31.10.2017.

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Sd/-
(Arun Kumar Sharma)
MEMBER

Sd/-
(Narayan Singh)
CHAIRMAN

List of persons attended hearing on 18.09.2017

Sl. No.	Name	Organisation/ Designation
1.	Shri D.S. Bhagat	CE (RA & PM) CSPDCL
2.	Shri M.H. Prasad	SE (RA & DM)
3.	Shri V.A. Deshmukh	EE RAC-CSPDCL
4.	Er. Mr. Shyam Kabra	Urla Industries Association