



Chhattisgarh State Electricity Regulatory Commission
Irrigation Colony, Shanti Nagar, Raipur - 492 001 (C.G.)
Ph.0771-4048788, Fax: 4073553
www.cserc.gov.in, e-mail: cserc.sec.cg@nic.in



Petition No. 39 of 2017(M)

In the Matter of

Grant of interim tariff for supply of 36 MW Power from M/s I.A. Hydro Energy Pvt. Ltd. from 3x12 MW Chanju-I HEP to CSPDCL.

Chhattisgarh State Power Distribution Co. Ltd.
Danganiya, Raipur Chhattisgarh, 492014

....Petitioner

M/s I.A. Hydro energy Pvt. Ltd.

.... Respondent

PRESENT : **Narayan Singh, Chairman**
: **Arun Kumar Sharma, Member**

APPEARANCE : Shri V.A. Deshmukh, EE for petitioner
Shri S.K. Goyal, CEO for Respondent

Interim Order **(Passed on 15/11/2017)**

The petitioner Chhattisgarh State Power Distribution Co. Ltd. (CSPDCL) has filed this petition for approval of long-term Power Purchase Agreement (PPA) between CSPDCL & M/s I.A. Hydro energy Pvt. Ltd. (Respondent) for purchase of power from 3x12 MW Hydro Power Project.

2. The project developer M/s I. A. Hydro Energy Pvt. Ltd., a registered company under Companies Act has developed the

Hydro power project on the right bank of Chanju Nalla, Distt. Chamba, Himachal Pradesh. The project is a run of river hydel project with pondage storage. The source of water is rainwater and snow/glacier belt.

3. This petition is filed by the petitioner to seek approval of power procurement of 36MW hydel power and finalization of PPA between the petitioner CSPDCL and respondent M/s I. A. Hydro Energy Pvt. Ltd.
4. The petitioner prays to consider electricity purchase of 36 MW hydel power from M/s I. A. Hydro Energy Pvt. Ltd. on long term basis in the draft of power purchase agreement at a tariff as contained in clause 10 of PPA.
5. CSPDCL has filed a petition, which was registered as P No. 39 of 2017 for approval of PPA with M/s I A Hydro Energy Pvt Limited for supply of power from above power plant.
6. CSPDCL has submitted the following facts in the Petition
 - (i) that in pursuance to long term power purchase agreement for supply of 1000 MW power from Marwa Thermal Power Project to Telangana State, the dispatch of power to Telangana has begun w.e.f. 06.05.2017 under terms & conditions of back to back supply agreement between the parties. Resultantly, there is a deficit to a tune of 500 MW during peak hours and 250 MW during off peak hours and to bridge this deficit, there is a need to explore alternate

arrangements to tie up with sources so that availability during peak as well as off peak hours can be effectively met.

(ii) that in pursuance to Solar RPO obligation, petitioner has entered into long term power purchase agreement for procurement of 260 MW solar power from various project developers from which 167 MW is available at present while the rest could be expected during next year.

(iii) that by nature, solar power is available in the grid during day time only while load management during peak hours would essentially and sensibly require an alternate source of almost similar capacity. Hydel power would be a best option to optimize solar power for the purpose of balancing the demand. Bundling of solar with procurement of hydel power from 3x12 MW from project developer would be good option for optimum demand management.

(iv) that in the approved format of Power purchase agreement little changes have been made which are mentioned below:-

Particulars	Clause No.	Provision in PPA
Delivery Point	Article-1 Definition	" Delivery Point " shall be the Chhattisgarh state boundary periphery on the CSPTCL's intra-state transmission network. "
Term of Agreement	Clause 3.2.1	This Agreement, shall be valid for a term from the Effective Date till the date thirty-five (35) years from the Commissioning Date of the Project

Performance Bank Guarantee	Clause 4.3.1	Rs. Three crore
Commencement of supply	Clause 6.13.1	The Company will commence supply of the Contracted Energy from a date mutually agreed by both Parties in writing, after grant of approval of this Agreement by the CSERC.
Synchronization and Interconnection facilities	Article-7	Deleted as units of project already commissioned
RLDC/ SLDC Charges, open access, transmission charges & losses	Clause 9	RLDC/ SLDC, open access, transmission charges & losses up to Delivery Point i.e. STU of Chhattisgarh shall be borne by Company.
Tariff	Clause 10	<p>"Tariff" for supply of Contracted Energy in any Contract Year shall be lowest from the following :</p> <p>(a) tariff of power generated from the project at generator bus, as determined by the Chhattisgarh State Electricity Regularity Commission (CSERC) for its year of operation.</p> <p>(b) tariff of the 330MW Kishanganga Hydroelectric Power Project ("Kishanganga HEP") being setup by the National Hydro Power Corporation Limited ("NHPC") in the Jhelum river basin in the state of Jammu & Kashmir, for</p>

		<p>the corresponding year of operation of the Kishanganga HEP;</p> <p>(c) tariff for the corresponding year of operation as determined by CSERC for small hydro-electric power projects established in the State of Chhattisgarh which achieve COD in same year as M/s I.A Hydro Energy Pvt. Ltd.</p>
Billing, Due Date	Clause 11.2.2	60 days from receipt of monthly Invoice
Late Payment Surcharge	Clause 11.3.1	At a rate as may be specified by CSERC from time to time for the actual period of delay
Letter of Credit	Clause 11.4	CSPDCL shall provide to the company a monthly unconditional, revolving and irrevocable Letter of Credit equal to one point one times (1.1) the estimated average monthly billing computed based on a load factor of 30%.
Company Event of default and termination payment	Clause 15.3.5	Upon early termination of the Agreement on account of Company Event of Default, the Company shall be liable to pay Termination Payment as per the directions of CSERC. Upon approach by either Party, CSERC shall assess the termination payment.

In light of the compelling reasons submitted above, petitioner has filed this petition to seek approval for purchase of 36 MW hydel power power and executed power purchase agreement

with M/s I.A. Hydro Energy Pvt. Ltd. at a tariff specified in clause 10 of Power Purchase Agreement.

7. Meanwhile an application was filed by M/s I A Hydro Energy Pvt Limited on 14/09/2017 requesting to grant an interim tariff due to following facts:

- (i) that it had started injection of Power from 8th July, 2017 onwards.
- (ii) that as approval of PPA is still under process, M/s I A Hydro Energy Pvt Limited shall not be able to raise power supply bills in absence of Commission approved tariff due to which it would face huge financial crunch.
- (iii) Further as per payment terms, raised bill shall be paid after 60 days from the date of submission of bill as per clause of PPA.
- (iv) Commission will start the tariff determination process only after approval PPA which will further delay the time of billing which will lead to financial crunch situation.
- (v) In light of above, M/s I A Hydro Energy Pvt Limited had requested the Commission to grant an interim tariff and given an undertaking that it will accept the Interim Tariff as approved by the Commission.
- (vi) M/s I A Hydro Energy Pvt Limited shall raise power supply bill at Interim Tariff and after the approval of PPA and after determination of final tariff; difference amount ,if any, shall be adjusted/ paid accordingly.

- 8.** In this regard, comments of the CSPDCL has been sought. Comments of the CSPDCL received vide letter dated 13/10/2017 are as under:
- (i) Interim tariff would be subjected to adjustment of power bills after the tariff under Article-10 is given effect.
 - (ii) Determination of an interim tariff to the applicant would be subject to condition of filing a separate petition by M/s I A Hydro Energy for determination of tariff as such the limited scope of petition No. 39 of 2017 is to seek approval of Commission on power purchase agreement. As such, M/s IA Hydro Energy is impeded as respondent in the matter the claim of interim tariff would not be relevant in the context.

Analysis and Decision

- 9.** The developer has informed that it has already started supplying power since July 2017. As per the terms of PPA, tariff of the power shall be decided in accordance with clause no. 10 of PPA which states that the tariff shall be lowest of following:
- (a) tariff of power generated from the project at generator bus, as determined by the Chhattisgarh State Electricity Regularity Commission (CSERC) for its year of operation.
 - (b) tariff of the 330MW Kishanganga Hydroelectric Power Project ("Kishanganga HEP") being setup by the National Hydro Power Corporation Limited ("NHPC") in the Jhelum river basin in the state of Jammu & Kashmir, for the corresponding year of operation of the Kishanganga HEP;

(c) tariff for the corresponding year of operation as determined by CSERC for small hydro-electric power projects established in the State of Chhattisgarh which achieve COD in same year as M/s I.A Hydro Energy Pvt. Ltd.

10. The PPA is yet to be approved and decision on applicable tariff shall be taken while approving PPA. According to executed PPA, tariff for supply shall be lowest of tariff mentioned in Clause 10. It does not appear proper at this stage to determine interim tariff for fulfillment of clause 10(a) of PPA. Taking into fact that the power developer has already started supplying power, an interim tariff has to be approved. After taking all relevant aspects into consideration, it is decided to adopt tariff which has been fixed for short term power purchase by CSPDCL vide order dated in petition no. 14 of 2015.

11. Tariff decided in above order is as under:

Sr. No.	Time duration	Rate (Max)
1.	Peak hour: 1800 hrs to 2300 hrs	Rs 3.25 per kWh
2.	Off-peak hours: 2300 hrs to 1800 hrs next day.	Rs. 3.10 per kWh

12. Recently, while granting approval for short term power purchase rate in petition no. 21, 36, 37, 42 and 45 of 2017 for different period of FY 2017-18, it is observed that short-term power supply rate is higher as compared to maximum ceiling rate approved by the Commission. This short-term rate is based on

prevailing short-term power market condition and the rate is discovered through competitive bidding process in accordance with guidelines issued by Govt. of India under section 63 of Electricity Act 2003. Therefore, it will be appropriate to allow a rate equal to the maximum ceiling fixed for short term power purchase.

- 13.** In view of the above, we hereby decide maximum ceiling rate fixed in petition 14 of 2015 as the interim tariff for M/s I A Hydro Energy Pvt Limited for above plant. Therefore, M/s I A Hydro Energy Pvt Limited may bill to CSPDCL @ Rs. 3.25 per kWh during Peak hour (1800 hrs to 2300 hrs) and Rs 3.10 per kWh during Off-peak hours (2300 hrs to 1800 hrs next day). This interim rate shall be subject to adjustment, if any, as approved in the order passed for approval of PPA.
- 14.** We order accordingly.

Sd/-
(ARUN KUMAR SHARMA)
MEMBER

Sd/-
(NARAYAN SINGH)
CHAIRMAN