

**TAMIL NADU ELECTRICITY REGULATORY COMMISSION**  
**(Constituted under section 82 (1) of the Electricity Act, 2003)**  
**(Central Act 36 of 2003)**

**PRESENT:**

ThiruM.Chandrasekar	.... Chairman
Dr.T.PrabhakaraRao	.... Member
and	
ThiruK.Venkatasamy	.... Member (Legal)

**M.P. No.12 of 2020**

Tamil Nadu Generation and Distribution  
Corporation Limited  
Represented by Chief Engineer /  
Private Power Projects  
144, Anna Salai  
Chennai – 600 002.

... Petitioner  
(ThiruM.Gopinathan, Standing  
Counsel for TANGEDCO)

**Date of hearing : 02-06-2020**

**Date of Order : 09-06-2020**

The M.P.No.12 of 2020 came up for hearing on 02-06-2020. The Commission, upon perusal of the petition and connected records and after hearing the submissions of the petitioner hereby makes the following order:-

**ORDER**

**1. Prayer of the Petitioner in M.P.No.12 of 2020:-**

The prayer of the petitioner in this petition is to accord approval for procurement of RTC power upto 500 MW through Medium Term Contract for a period of three years initiated by MOP / GOI under Pilot Scheme II @ Rs.3.26 per unit at Ex bus.

## **2. Facts of the Case:-**

The petition has been filed for seeking approval for procurement of 300-500 MW RTC power to meet the anticipated deficit under Pilot Scheme II initiated by MOP/GOI for a period of three years through aggregator M/s.PTC India Ltd through Medium Term Contract.

## **3. Contentions of the Petitioner:-**

3.1. In Tamil Nadu, an all time high demand of 16151 MW and all time high consumption of 369.94 MU was met on 12-04-2019. As per the MoP's guidelines for determination of tariff by bidding process for procurement of power by Distribution Licensee, the demand forecast shall be based on the latest available Electric Power Survey published by the Central Electricity Authority. The deficit estimated is to the tune of 2396 MW, 1506 MW and 111 MW for FY 20-21, FY 21-22 and FY 22-23 respectively.

3.2. TANGEDCO is meeting the demand from the installed capacity of conventional sources of 14,783 MW (TANGEDCO Thermal 4320 MW + Gas 516 MW + IPP 416 MW + CGS share 6151 MW + LTA 2830 MW + MTOA 550 MW). Considering a PLF of 85%, the net availability will be 12,565 MW. The demand projection for the FY 20-21, FY 21-22 and FY 22-23 were based on the ongoing projects in Tamil Nadu State.

3.3. The first unit of Neyveli New TPP at Neyveli declared COD during January 2020 but generation from New Neyveli is not stabilized and the expected COD of second unit by the end of March 2020 also getting delayed and hence the expected availability of 600 MW has been reduced.

3.4. The ongoing projects considered at Ennore SEZ STPS, Udangudi, Uppur, ETPS Expansion are also getting delayed and expected to be commissioned and contribute to grid beyond the forecasted period. At present the deficit experienced during peak hours and due to outages of generation plants are met through hydro generation / purchase of power from power exchanges under DAM and intra-day purchase. In order to meet the deficit projected for the next three years options available before TANGEDCO are procurement under Medium Term for three years.

3.5. The Ministry of Power has issued a Guideline for procurement of power under "Pilot Scheme" for medium term through M/s.PFC Consulting Limited as Nodal Agency and M/s.PTC India Limited as Aggregator. The guideline is issued to facilitate procurement of power of 2500 MW for 3 years from generating companies having coal based Power Plants which are already commissioned and without Power Purchase Agreements. The proposed scheme envisages procurement of power through competitive bidding process to be conducted by PFC Consulting Limited and supply of power between successful bidders and Distribution Licensees M/s..PTC India Limited will act as the Aggregator for the purpose of these guidelines. Aggregator will sign PPA with generators (successful bidders) and back to back agreement with Distribution Licensees. The tariff determined on these guidelines for the purpose of Agreement for procurement of power shall be adopted by the Appropriate Commission, under section 63 of the Electricity Act, 2003.

3.6. M/s.PFC Consulting Limited has concluded the bidding process on 07.02.2020 and aggregated quantum offered by 12 bidders (Generators) effectively is 2500 MW @ Rs.3.26 per unit at plant bus, firm for three years. M/s.PTC has been approaching various States for procurement of power at the discovered tariff

of Rs.3.26 per unit firm for a period of three years exclusive of transmission charges and trading margin.

### 3.7. The salient features of Pilot Scheme II

- (i) Tariff discovered will be Two part totally Rs.3.26 per unit (FC Rs.1.63 and VC Rs.1.63 per unit)
- (ii) Fixed cost is constant throughout the term of contract.
- (iii) Fixed cost payable is for the normative availability of 85%.
- (iv) Beyond 85% of supply in a month, incentive @ 50% of FC for availability in excess of 85% and to the extent of dispatch only.(Rs.0.815 per unit)
- (v) FC need not be paid for short supply due to transmission constraint.
- (vi) For availability less than 85% in a month, damages @25% of FC to be deducted.
- (vii) No damages for reduction in availability due to transmission constraint.
- (viii) No escalation factor, but VC increased to reflect 50% of variation in WPI Index.
- (ix) Due date is 30 days from the date of receipt of invoices.
- (x) Rebate of 1 % can be availed if payment is made within 5 days.
- (xi) NoFC for unutilized capacity sold to third party..
- (xii) Alternate supply provision available. FC payable if utility not availed supply from alternate source.
- (xiii) Additional cost for alternate supply to be borne by the supplier.25% of FC rebate if reduction in capacity informed at least 72 hours in advance
- (xiv) Utility shall provide Letter of Credit and get the approval of Tariff from TNERC.

- (xv) Aggregator shall provide Performance Security.
- (xvi) SLDC/RLDC charges up to Delivery Point (nearest Inter connection point of the power station with the CTU system) are to the account of Aggregator and beyond that to the account of the utility.
- (xvii) All taxes,levies,duties,cess and other statutory charges payable for supply of electricity are to the account of aggregator.
- (xviii) Upon occurrence of Force Majeure Events prior to Appointed date, upon occurrence of Force Majeure Events after Appointed date, the contract period shall be extended equal to the period aggregator was prevented from generating/ transmitting.
- (xix) Upon occurrence of a Political Force Majeure Event, cost attributable to such Political Event shall be reimbursed by Utility. The cost may include interest payments on debt, O&M Expenses and all cost directly attributable to Force Majeure event. It shall not include loss of Tariff, revenues from sale of Electricity to others or debt repayment obligation.
- (xx) Upon occurrence of a non-Political Force Majeure Event, cost attributable is to be borne by both the parties.
- (xxi) PSA can be terminated if Force Majeure continues for more than 180 days or more within a continuous period of 365 days either party can terminate the agreement with prior notice.
- (xxii) Upon occurrence of an unforeseen event, the relief is to be determined by conciliation tribunal consisting of Judges.
- (xxiii) For any material breach or default of this agreement, utility, by way of compensation shall pay all the direct costs suffered or incurred. It shall include interest on debt, O&M expenses and all costs directly attributable to

such material breach or default. It shall not include loss of tariff, revenues from sale of electricity to others or debt repayment obligation. In the event of material breach or default, PTC shall pay all costs directly incurred or suffered on consequence of material breach or default.

(xxiv) The defaulting party shall pay the other party, on termination, by way of termination payment, an amount equal to 3 months tariff payable for normative availability.

(xxv) Procurer shall compensate for any increase or decrease in expenses to the seller on account of change in law for any change in taxes (excluding taxes on corporation income), duties, cess or introduction of any tax, duty, cess made applicable for supply of power.

3.8. Under Pilot Scheme I, Power Supply Agreement was executed between TANGEDCO and M/s. PTC as an aggregator for purchase of power through Medium Term for a period of three years from 2019 to 2022 at firm rate of Rs.4.24 per unit @ 55% off take of RTC power with incremental discount of 2% for each 5% increase in off take upto 80% off take (tariff ranges from Rs.4.24 to Rs.4.161) and incremental discount of 1% for each 5% increase in off take beyond 80%.

3.9. Considering the above, the tariff discovered under "Pilot Scheme II" initiated by MoP / GoI is less as compared to the current tariff paid by TANGEDCO under Long Term and Short Term tenders and also with the Pilot Scheme I. Since the variable cost is Rs.1.63 per unit and ranked 2<sup>nd</sup> under MOD, there is a possibility of scheduling 100% of the contracted quantum.

3.10. TANGEDCO has to pay Rs.3.26 per unit (excluding transmission charges) @ 85% PLF. The tariff for the balance 15% of the contracted quantum, fixed cost

is Rs.0.815 per unit and variable cost will be Rs.1.63 per unit and the total tariff is Rs.2.445 per unit which will be much cheaper than other PPA tariff.

#### **4. Findings of the Commission:-**

4.1. The Commission has carefully gone through the submission made in the petition as well as submissions made on behalf of the petitioner during the hearing (on 02-06-2020 through video conferencing). The petitioner M/s. TANGEDCO has filed this petition with a prayer to accord approval for procurement of RTC power from 300 MW upto 500 MW through Medium Term Contract for a period of three years initiated by MOP / GOI under Pilot Scheme II @ Rs.3.26 per unit at Ex bus.

4.2. The Commission has meticulously gone through the averment of TANGEDCO with regard to the power availability from all sources as declared by it which is as follows:-

(i)	TANGEDCO Thermal	-	4320 MW
(ii)	TANGEDCO Gas	-	516 MW
(iii)	IPP	-	416 MW
(iv)	CGS Share	-	6151 MW
(v)	LTA	-	2830 MW
(vi)	MTOA	-	550 MW
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	Total availability	-	14783 MW
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4.3. It has been stated by TANGEDCO that there is a deficit in power requirement to the tune of 2396 MW, 1506 MW, and 111 MW for FY 2020-21, FY 2021-22 and FY 2022-23 respectively.

4.4. During the hearing held on 02-06-2020, the Chief Engineer (PPP) has made an elaborate submission on the need to purchase the additional power through Medium Term Tender under Pilot Scheme II for which the Ministry of Power, Government of India has issued detailed guidelines. As per the said guidelines,

M/s. PFC Consulting Ltd. is the Nodal Agency and M/s. PTC India Ltd. is the Aggregator. The said scheme provides for procurement of 2500 MW RTC for 3 years from generating companies having coal based power plants. It also envisages procurement of power through competitive bidding process to be conducted by M/s. PFC Consulting Ltd. The successful bidder will supply power to the Distribution Licensee through M/s. PTC who will sign PPA with the generators and back to back agreement with the Distribution Licensee.

4.5. The Chief Engineer (PPP) has also pointed out the salient features of the Pilot Scheme II and justified the reasonableness of the tariff discovered at Rs.3.26 per unit exclusive of transmission charges and trader margin and prayed for approval of the procurement of power of 300 – 500 MW RTC for 3 years. The important feature of the said Pilot Scheme II as pointed out by the Chief Engineer (PPP) is as follows:-

- i) Tariff discovered will be Two part totally Rs.3.26 per unit (FC Rs.1.63 and VC Rs.1.63 per unit)
- (ii) Fixed cost is constant throughout the term of contract.
- (iii) Fixed cost payable is for the normative availability of 85%.
- (iv) Beyond 85% of supply in a month, incentive @ 50% of FC for availability in excess of 85% and to the extent of dispatch only.(Rs.0.815 per unit)
- (v) FC need not be paid for short supply due to transmission constraint.
- (vi) For availability less than 85% in a month damages @25% of FC to be deducted.
- (vii) No damages for reduction in availability due to transmission constraint.
- (viii) No escalation factor, but VC increased to reflect 50% of variation in WPI Index.



- (ix) Due date is 30 days from the date of receipt of invoices.
- (x) Rebate of 1 % can be availed, if payment is made within 5 days.
- (xi) NoFC for unutilized capacity sold to third party
- (xii) Alternate supply provision available. FC payable if utility not availed supply from alternate source.
- (xiii) Additional cost for alternate supply to be borne by the supplier.25% of FC rebate if reduction in capacity informed at least 72 hours in advance

4.6. We have carefully gone through the submissions of the petitioner. Considering the need for additional power for seamless supply of power and the reasonableness of the tariff discovered in the competitive bidding i.e. Rs.3.26 per unit excluding trader margin and transmission charges, we approve the procurement of RTC power upto 500 MW through Medium Term contract for a period of three years initiated by MoP / GoI under Pilot Scheme II at Rs.3.26 per unit at Ex-bus. The Chief Engineer (PPP) has submitted that during wind season, the purchase of power would be reviewed and his submissions are recorded.

The petition is accordingly disposed of finally.

(Sd.....)  
**(K.Venkatasamy)**  
Member (Legal)

(Sd.....)  
**(Dr.T.PrabhakaraRao)**  
Member

(Sd.....)  
**(M.Chandrasekar)**  
Chairman

/True Copy /

Secretary  
Tamil Nadu Electricity  
Regulatory Commission