

**BEFORE THE HARYANA ELECTRICITY REGULATORY COMMISSION AT
PANCHKULA**

Case No. HERC/PRO-74 of 2017

Date of Hearing : 14.12.2018

Date of Order : 14.12.2018

In the Matters of

Petition Under Section 86(1)(b) for extension of existing PPA/BPSA of Bairasiul Power Station for intervening period from 01.04.2017 to completion date of R&M works of last unit and thereafter for further period of 25 years from the date of completion of R&M works of last unit of Bairasiul Power Station.

Petitioner

Haryana Power Purchase Centre, Panchkula

Present On behalf of the Petitioner

1. Shri Rajiv Mishra, Xen, HPPC.
2. Shri Randhir Singh, AEE, HPPC.

Quorum

Shri Jagjeet Singh, Chairman
Shri Pravindra Singh Chauhan, Member

ORDER

Brief Background of the Case

1. The Petition has been filed by Haryana Power Purchase Centre (hereinafter referred to as HPPC). HPPC has submitted as under:-
 - a) That NHPC has requested HPPC to intimate the consent for extension of PPA/BPSA of Bairasiul Power Station from intervening period from 01.04.2017 to completion date of R&M Works of last unit and thereafter for further period of 25 years from the date of completion of R&M works of last unit of Bairasiul Power Station.

- b) That the NHPC was requested to supply the cost of R&M works and tentative completion period. It was also requested to supply the year-wise tentative tariff and levelized tariff for the next 25 years.
- c) That the NHPC has intimated that they have filed the petition no. 76/MP/2015 in CERC regarding approval of R&M proposal of Bairasiul Power Station as per detailed as under:

Sr. No.	Cost of R&M Works (At Oct'2014 Price Level including IDC & FC)	Tentative Completion Period	Tentative tariff in Rs per Unit	
			First Year Tariff	Levelized tariff
1	Rs341.41 Crores	Three Years for all Units by Feb.2021	Rs.3.11/- per Unit	4.09/- per Unit

- d) That the request of NHPC for extension of existing PPA for further period of 25 years from the date of completion of R& M work of last unit of Bairasiul Power Station was put in the 42nd meeting of SCPP held on 12-07-2017, with the following agenda:-

"Haryana Power Utilities signed PPA with NHPC for purchase of power from Bairasiul Power Station (180 MW capacity) for period of 35 years. Haryana has a share of 60 MW as allocated by MoP, Govt. of India. Validity of PPA has been expired on 31.03.2017. As per clause 14 of PPA, the agreement shall remain operative for 35 years from the date of CoD or balance normative life of power station whichever is earlier. The CoD of Bairasiul HEP (180 MW) was achieved in 01.04.1982.

The average tariff from this project was Rs. 1.61/unit in FY2014-15. Rs. 2.16/unit FY2015- 16 and Rs. 2.22/unit in FY2016-17.

Since, Bairasiul Power Station has already completed its useful life of 35 years from the date of CoD. NHPC has taken up the R&M works for life extension of the project for further period of 25 years and requested HPPC vide letter dated 01.05.2017 to extend the PPA/BPSA of the Bairasiul Power Station further for intervening period from 01.04.2017 to completion date of R&M works of last unit and thereafter for further period of 25 years from the date of completion of R&M works of last unit on the same terms and conditions as laid down in the original PPA/BPSA. Any amendment in CERC /regulations from time to time and any order/directions from Ministry of Power, Govt. of India shall also be applicable and all the relevant conditions will be part of the extended PPA/BPSA."

- e) That the SCPP has decided as under:

"The committee after detailed deliberations agreed to forward the proposal of NHPC for extension of PPA to Hon'ble HERC for approval as the same is outside the scope of Competitive Bidding".

- f) That the demand projection of Discoms has been prepared on the basis of following:-
- i. For arriving at the calculations of the demand and to avoid over projections, the maximum CAGR for FY 2017-18 to 2022-23 has been taken as 6.75 % respectively as per 18th Electric Power Survey report of Central Electricity Authority (CEA) Delhi.
 - ii. Base year has been taken as FY 2016-17 for calculating CAGR.
- It has been shown that there is peak demand (MW) deficit varying from 149 MW in May to 1266 MW in October in the FY 2017-18, 421 MW in May to 1703 MW in October in the FY 2018-19. The said deficit is showing an increasing trend with peak demand varying from 1529 MW to 4107 MW during the months of April to October going forward to the FY 2022-23.
- g) That keeping in view of short fall of power in paddy/summer seasons, the hydro power matches the peak demand of the state in paddy/summer season. As such the Commission is requested to approve the extension of existing PPA for further period of 25 years from the date of completion of R& M work of last unit of Bairasiul Power Station.

Proceedings in the Case

2. The matter was first heard on 03rd October, 2018.
3. Upon hearing the Petitioner, the Commission observed that in order to take a reasoned view in the matter, HPPC may submit the following additional information/ clarifications for consideration of the Commission:-
 - i) The Commission in its ARR Order dated 11.07.2017 at para 3.2.5.2 had directed DISCOMs as under:-

“The Discoms are directed to examine all such PPAs including the relevant clause w.r.t. validity and CERC’s Order on the same regarding balance useful life, if any, and submit a report to the Commission within one month bringing out the quantum of energy scheduled / implemented schedule and cost (fixed and fuel separately) thereto in the FY 2015-16, FY 2016-17 and FY 2017-18 year to date. The Discoms may also examine the need to procure power from yet to be commissioned Central thermal Generating Stations for which PPAs have not been approved by the Commission including yet to be commissioned UMPPs. In

case power procurement from such stations are not required the Discoms / HPPC may consider whether the commitments / allocations from such sources could be terminated on valid grounds. A report in this regard should also be submitted to the Commission within one month.”

The Commission observed that the DISCOMs have not submitted any such report. Accordingly, DISCOMs are directed to examine & submit this report.

- ii) The demand and supply scenario for the FY 2017-18 and projections for next three years, keeping in view of all the PPAs already approved by the Commission till date, as also any application for procurement of power pending with the Commission, as well as impact of power purchase obligation under RPO trajectory determined by the Central Government. As RE power to be purchased under the said obligation will only add to the surplus and trading losses thereto.
 - iii) The tentative power purchase cost of the proposed project after including transmission charges etc.
 - iv) Certificate to the effect that no other proposal is pending/under consideration with HPPC, offering cheaper power than the proposed project.
4. In response to the Interim Order of the Commission dated 03.10.2018, HPPC submitted its reply/ comments on 13.12.2018, as under:-
- a) That HPPC is procuring 60 MW, from Bairasuil Power Station (3X60 Mw). The life of Bairasuil Power station has already been completed on 01.04.2017 and NHPC, requested for extension of PPA/BPSA of Bairasiul Power Station from intervening period from 01.04.2017 to completion date of R&M Works of last unit and thereafter for further period of 25 years from the date of completion of R&M works of last unit of Biarasuil Power Station. Accordingly, HPPC had filed the petition for approval of HERC for the same.

NHPC was requested to intimate the latest status and tentative tariff of these projects. NHPC vide its email dated 07.12.2018 intimated that Tariff petition of Bairasuil HEP has been filed in CERC and the actual tariff shall be as per the order of Hon'ble CERC. However, the R&M cost of Rs.341.41 Cr. at Oct 2014 price level has already been approved by CERC vide order dated 3.06.2016 and tentative completion period of R&M is Feb.2021, accordingly the tentative tariff shall be Rs. 3.11 for first year and Levelised tariff is Rs.4.09/- KWh.

The detail of the quantum of energy scheduled / implemented schedule and cost (fixed and fuel separately) thereto in the FY 2015-16, FY 2016-17 and FY 2017-18 year to date from these projects is given as under:-

Name of Project	Date of COD	Useful life of the project	Date of expiry of PPA	Quantum of Energy			Cost (in Rs.)								
				Scheduled/ Implemented	Scheduled/ Implemented	Scheduled/ Implemented	FY 15-16			FY 16-17			FY 17-18		
				15-16	16-17	17-18	FC	Fuel cost	Total	FC	Fuel cost	Total	FC	Fuel cost	Total
Baraisuil	01.04.82	35 yr	01.04.17	2168.7	1954.76	1803.96	1.15	0.99	2.14	1.23	0.98	2.22	1.17	0.96	2.13

HPPC further submitted that it has already submitted the reply regarding the need to procure power from yet to be commissioned Central Thermal Generating Stations for which PPAs have not been approved by the Commission including yet to be commissioned UMPPs through its reply on directives of the Commission on ARR Order (reply of directive no. 11).

- b) That demand and supply scenario for the FY 2018-19 and projections for the next three years is annexed.
- c) That tentative power purchase cost of subject cited project after including transmission charges etc. is tabulated as under:-

Name of the Project	Tentative cost including transmission charges				
	FY 2017-18				
	Fixed Cost (Rs.)	Fuel Cost (Rs.)	Transmission Charges (Rs.)	Total (Rs.)	
Bairasuil HEP	1.17	0.963	0.50	2.633	

- d) That HPPC is procuring power from Baiasuil project at the rate given in the Annexure for last three years; however life of the project has already completed on 01.04.2017 and the instant petition is requested for extension of PPA for further 25 years from intervening period from 01.04.2017 from the date of completion of R&M work of last unit of Bairasuil Power Station as proposed by NHPC. The cost of this power has already been approved by the HERC in its

ARR Orders of respective years. As such the approval of power from these projects does not affect the prevailing APPC of the relevant years.

Commission's Analysis & Order

5. The Commission has examined the contents of the Petition filed/ additional submissions made by the parties. The Commission observes that HPPC has shown overall surplus in the FYs 2018-19, 2019-20, 2010-21 & 2021-22. However, shortage in various months in these FYs have been shown e.g. 1126 MW in the month of July 2019, 478 MW in August, 2019, 1398 MW in July, 2020 etc, which it can take care of by resorted to banking and other power procurement planning. Overall shortage has been shown in the FY 2022-23 i.e. 405 MW, which can be taken care of by Renewable Energy HPPC is required to procure in compliance of its RPO Obligations. The Commission further observes that HPPC was required to certify that no other proposal is pending/under consideration with HPPC, offering cheaper power than the proposed project. However, no such certificate has been furnished by HPPC.
6. Accordingly, the proposed HPPC for extension of existing PPA/BPSA of Bairasiul Power Station for intervening period from 01.04.2017 to completion date of R&M works of last unit and thereafter for further period of 25 years from the date of completion of R&M works of last unit of Bairasiul Power Station, does not seems to be justified. Having held that, the Commission observes that HPPC has already procured power from Bairasiul Power Station during the FY 2017-18 & 2018-19, with the approval of quantum and power purchase cost of the same in the ARR Orders. Accordingly, in order to regularise the same, the PPA entered into by HPPC with NHPC is extended upto 31.03.2019.
7. In view of the above discussions, the Petition is disposed of.

This Order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 14th December, 2018.

Date: 14.12.2018
Place: Panchkula

(Pravindra Singh Chauhan)
Member

(Jagjeet Singh)
Chairman