

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

Case No. HERC/PRO-75 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 Petition Under Section 86(1)(b) for extension of existing PPA of NHPC Power Stations URI-II (HEP) & PARBATI-III (HEP) for another 30 years on the existing terms & conditions.

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 the NHPC has requested HPPC to convey the consent for extension of PPA/BPSA for NHPC Power Stations (i) URI-II (HEP) & (ii) Parbati-III (HEP) on the existing terms and condition for another 30 years.
 - b) That the agenda was put in the 41st meeting of SCPP held on 8-06-2017 for deliberation & decision on extension of PPA of Uri-II & Parbati-III for the next 30 years (balance normative life of power station whichever is earlier) from date of expiry of present PPA of 5 year duration of the projects and the SCPP has decided as under:-

“The committee approved the proposal of extension of existing PPA for another 30 years for onward submission to HERC”

- c) That the PPAs with NHPC Power Stations Parbati-III (HEP) & Uri-II (HEP), were signed on 10.01.2005 (Parbati-III) and 21.03.2005 (Uri-II) for the period of 5 years from date of COD, which are going to expire on 28.02.2019 and 05.013.2019, respectively and the details of same is as follows:

SN	Power Station	COD	Haryana Share in MW	Date of Expiry of PPA/BPSA
1.	Uri-II PS (4x60)	01.03.2014	13.37	28.02.2019
2.	Parbati-III (3x130)	06.06.2014	50.08	05.06.2019

- d) That all other existing PPA/BPSAs of NHPC with HPPC i.e. Bairasiul Hydel Project, Salal Hydro Elect. Project Stage-I & II, Tanakpur Hydel, Chamera Hydel, Chamera-III (HEP)(HP), Chamera-II, Uri Hydel, Dhauliganga. Dhulhasti & Sewa-il had been signed for a period of 5 years which has been renewed on 29.05.2013, for period of 35 years from the date of CoD of the last unit of the power station, or balance normative life of power station whichever is earlier. Now the same case is with Uri-II & Parbati-III, whose PPA is to be renewed from 01.03.2019 & 06.06.2019 respectively for a period of 35 years from the date of CoD of the last unit of the power station, or balance normative life of power station whichever is earlier.
- e) That the NHPC on 08.12.2016 has submitted year-wise tentative composite tariff for next 30 years in respect of Uri-II & Parbati-III (HEP) as under:-

Sr. No.	Year	Composite Tariff- Uri-II Power Station	Composite Tariff Parbati-III Power Station
1	2019-20	4.61	3.07
2	2020-21	4.59	3.04
3	2021-22	4.52	3.01
4	2022-23	4.44	2.98
5	2023-24	4.38	2.96
6	2024-25	4.31	2.94
7	2025-26	1.25	2.92
8	2026-27	3.26	2.91
9	2027-28	3.31	2.32
10	2028-29	3.36	2.37
11	2029-30	3.42	2.42

12	2030-31	3.49	2.48
13	2031-32	3.56	2.54
14	2032-33	3.65	2.61
15	2033-34	3.77	2.68
16	2034-35	3.9	2.77
17	2035-36	4.03	2.87
18	2036-37	4.18	2.98
19	2037-38	4.33	3.10
20	2038-39	4.5	3.22
21	2039-40	4.67	3.35
22	2040-41	4.86	3.49
23	2041-42	5.06	3.64
24	2042-43	5.27	3.8
25	2043-44	5.5	3.97
26	2044-45	5.74	4.15
27	2045-46	6	4.35
28	2046-47	6.27	4.56
29	2047-48	6.57	4.78
30	2048-49	-	5.01

f) The power was procured earlier from these projects on the following tariff:-

Sr. No.	Generating Power Station	2014-15	2015-16	2016-17
		Total Average rate/Unit	Total Average rate/Unit	Total Average rate/unit
1.	Uri-II PS (4x60)	4.28	5.24	4.98
2.	Parbati-III (3x130)	5.24	4.73	4.51

- g) Demand Projection: the demand projection of Discoms has been prepared on the basis of following and annexed at Annexure-G
- 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.
- h) Keeping in view of shortfall in paddy/summer seasons, the hydro power matches the peak demand of the state in paddy/summer season. The demand supply scenario based on Peak demand 2017-2023 (Annexure-G) is based on considering the Uri-II & Parbati-III, where the state is over all deficit in power

from 2019-20 to 2022-23 & this gap is go on increasing in coming years. As such Commission is requested to approved the extension of existing PPA of NHPC Power Stations URI-II (HEP) & Parbati-II (HEP) for another 30 years on the existing terms and conditions of PPAs.

Prayer

- i) That in view of the above the Commission is requested as under:-
 - i) Approve the extension of existing PPA of NHPC power stations URI-II & Parbati-III for another 30 years on the existing terms and conditions of PPAs.
 - ii) Pass such further order or order (s) as may be deemed necessary and fit in the circumstances of the case.

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 13.37 & 50.8 MW power from, URI-II (4X60) & Parbati-III (3X130) HEP. The PPA term for these projects was signed for 5 years from the date of CoD of the project and the date of expiry of existing PPA shall be on 1.03.2019 & 06.06.19 for URI-II & Parbati-III, respectively. The NHPC had requested HPPC for extension of PPA/BPSAs for NHPC Power Stations UR-II (HEP) & Parbati-III (HEP) on the existing terms and condition for another 30 years. Accordingly the Petition was filed in HERC for approval of same.

NHPC was requested to intimate the latest status and tentative tariff of these projects. NHPC vide its email dated 07.12.2018 intimated as under:-

S N	Petition No.	Power Station	Date of Submission	Details of Submission	AFC/Financial Implication	Remarks
1	07/GT/2017	Parbati-III	16.12.2016	Tariff petition for the period 2013-14	Rs. 6.38 Crs	Heard in CERC on 11.10.2018. Order awaited.
2	06/GT/2017	Parbati-III	30.11.2016	Tariff petition for the period 2014-19		
3	279/GT/2018	Uri-II	14.08.2018	Tariff petition for the period 2009-14 (final tariff)	Rs. 170.65Cr (13-14)	

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 Scheduled/ Implemented Schedule			Cost (in Rs.)								
				15-16	16-17	17-18	FY 15-16			FY 16-17			FY 17-18		
							FC	Fuel cost	Total	FC	Fuel cost	Total	FC	Fuel cost	Total
URI-II	01.03.14	35 yr	01.03.2019	649.4	801.77	652.16	2.98	2.26	5.24	2.79	2.38	5.17	3.96	2.34	6.3
Parbhati-III	06.06.14	35 yr	01.03.19	564.22	584.51	608.02	1.98	2.75	4.73	2.24	3.50	5.74	2.52	2.72	5.24

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.)
URI-II	3.96	2.34	0.50	6.8
Parbhati-III	2.52	2.72	0.50	5.74

- d) That HPPC is procuring power from URI-II & Parbhati-III projects from FY 2014 at the rate given in the Annexure. 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 proposal of HPPC for extension of existing PPA/BPSA with NHPC Power Stations URI-II (HEP) & PARBATI-III (HEP) for another 30 years on the existing terms & conditions, does not seem to be justified. Having held that, the Commission observes that HPPC has already procured power from these Power Stations 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 Power Stations URI-II & PARBATI-III, 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