

**BEFORE THE HARYANA ELECTRICITY REGULATORY COMMISSION
BAYS No. 33-36, SECTOR-4, PANCHKULA- 134112, HARYANA**

Case No. HERC/PETITION NO. – 23 of 2021

**Date of Hearing : 13.04.2022
Date of Order : 19.04.2022**

IN THE MATTER OF:

Petition under Section 86(1)(a) 86(1)(e) read with Section 61 & 62 of the Electricity Act, 2003 for seeking indulgence of the Hon'ble Commission for framing the proposed methodology for claiming the Biomass Fuel Cost as mandated to be utilized in HPGCL Units under "Change in Law".

Petitioner

Haryana Power Generation Corporation Ltd., Panchkula (HPGCL)

Respondent

Haryana Power Purchase Centre, Panchkula (HPPC)

Present on behalf of the Petitioner, through Video Conferencing

Shri Tabrez Malawat, Advocate

Present On behalf of the Respondent, through Video Conferencing

Smt. Sonia Madan, Advocate

Quorum

**Shri R.K. Pachnanda
Shri Naresh Sardana**

**Chairman
Member**

ORDER

1. The case was heard through video conferencing on 13.04.2022, as scheduled, in view of the COVID-19 pandemic.
2. The present petition has been filed by HPGCL, seeking suitable framework/methodology for pass through of additional cost for increase in cost of generation on account of using biomass pellets in DCRTPP/RGTPP, in such a way that the merit order is prepared on the basis of primary fuel alone without considering the impact of the cost of biomass pellets.
3. Shri Tabrez Malawat, learned advocate appearing on behalf of the petitioner, emphasized that the present petition has been filed in order to comply with the directions of the Ministry of Power, Government of India, the Government of Haryana and the Commission for Air Quality Management (CFAQM), i.e. to blend 5-10% of biomass pellets.
4. Per-contra, Smt. Sonia Madan, learned advocate appearing on behalf of the respondent, raised serious objections on the proposal of HPGCL, as the same has been done without undertaking any study or discussions with various stakeholders viz. OEM (M/s. SEC, China), HAREDA, HPPC, CEA etc. Also, the study on sufficient availability of paddy straw

in form of torrefied pellets, in the State of Haryana, to make it financially viable was also not done by HPGCL.

5. The Commission heard the parties at some length. It is observed that the following additional information was sought, vide its interim order dated 23.02.2022: -
- a) The detailed explanation, other than the compliance of directions given by various authorities, for placing order and procuring 65.210 MT & 64 MT of biomass torrefied pellets for DCRTPP & RGTPP, respectively, without obtaining prior approval of the Commission.
 - b) The date of procurement along with date of utilization of torrefied pellets, in the power plants.
 - c) The results in terms of financial as well as operational parameters, upon the utilization of torrefied pellets, in its power plants at DCRTPP and RGTPP.
 - d) Justification of placing order for procuring torrefied pellets at a rate (i.e. Rs. 8,390/MT/Rs. 8400/MT with GCV of 4500 kCal/kg +/-100) which is higher than the rate at which NTPC procured torrefied pellets (i.e. Rs. 6,600/MT with GCV – 4500 kCal/kg).
 - e) In case of non availability of torrefied pellets at economical price in the immediate vicinity, efforts made by HPGCL to claim exemption from the policy under the “Revised Policy for biomass utilization for the power generation through co-firing in coal based power plants”, dated 08.10.2021 of Ministry of Power, Govt. of India which provides that *“any power plant seeking exemption/relaxation from co-firing may be considered on case to case basis, based on recommendations from CEA...”*
 - f) Approval/consent obtained from the OEM, regarding the proposed co-firing before initiating co-firing in the Plant to avoid any inefficiencies of operation or damage to the power plant.
 - g) Consultation held by HPGCL with HAREDA regarding sufficient availability of paddy straw in form of torrefied pellets and further plans of HAREDA to utilize the paddy straw in the State of Haryana, to ensure that HPGCL is able to co-fire the same to the extent of 5% of the coal firing.
 - h) Justification for placing order to purchase torrefied pellets with ash content upto 35%, in contravention of Technical Specifications for agro residue based biomass pellets (non-torrefied/ torrefied) for co-firing in coal based thermal power plants, issued by CEA dated September 2018, containing ash content upto 20%.
6. The Commission while examining the reply dated 22.03.2022, filed by HPGCL, in pursuant to the aforesaid order of the Commission, observed that the same is unsatisfactory and lack the requisite details sought by the Commission. The reply is primarily focused on the

directions given by the Ministry of Power, the Government of India, the Government of Haryana and the Commission for Air Quality Management (CFAQM), i.e. to blend 5-10% of biomass pellets. Also, on the query of consent obtained from the OEMs regarding the proposed co-firing before initiating co-firing in the plant to avoid any inefficiencies of operation or damage to the power plant, the petitioner has replied that the matter is being pursued with the OEM (M/s. SEC, China) on the issue of blending biomass pellets with primary fuel. Additionally, regarding seeking exemption from co-firing under the revised government policy of the Ministry of Power dated 08.10.2021, the learned counsel Shri Malawat averred that in the absence of response to the bids to be floated at a future date, it may not be appropriate for the petitioner herein (HPGCL) to ascertain whether relaxation can be sought or not.

7. Further, regarding the availability of sufficient paddy straw in form of torrefied pellets, HPGCL has submitted the letter dated 22.03.2022 from HAREDA informing that around 24 lac MT paddy straw is available in the State. However, such information about the availability of torrefied pellets in the State is not available.
8. In view of the above averments, the Commission is of the considered view that the petition filed by HPGCL is premature at this stage. However, HPGCL is granted liberty to approach the Commission with a comprehensive proposal after obtaining concurrence of Original Equipment Manufacturer (OEM) i.e. M/s. SEC, China on the issue of blending biomass pellets with coal, a detailed analysis of availability of biomass pellets in the State, impact on the financial as well as technical parameters caused by such co-firing of biomass etc.
9. The present petition is disposed of in terms of the above order.

This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 19.04.2022.

Date: 19.04.2022
Place: Panchkula

(Naresh Sardana)
Member

(R.K. Pachnanda)
Chairman