

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

Case No. HERC/Petition No-19 of 2023

Date of Hearing: 03.05.2023

Date of Order: 08.05.2023

In the Matter of

Petition under Section 86(1)(b) of the Electricity Act, 2003 read with Haryana Electricity Regulatory Commission (Conduct of Business) Regulations, 2019 seeking approval of source and permission to schedule power for the procurement of up to 300 MW power on medium term basis from Kameng Hydro Power Station located at Kimi, West Kameng District, Arunachal Pradesh through NTPC Vidyut Vyapar Nigam Limited (NVVN) at a tariff of Rs. 5.45 Rs/kWh applicable at generator ex-bus including a trading margin of Rs. 0.07/kWh for a period of 5 years up till 31.03.2028 along with approval of draft PPA.

Petitioner

Haryana Power Purchase Centre

Respondent

NTPC Vidyut Vyapar Nigam Ltd.

Present on behalf of the Petitioner

1. Ms. Sonia Madan, Advocate
2. Ms. Aabha Yadav, XEN/HPPC
3. Sh. Rohit Kumar, AE/HPPC

Present on behalf of the Respondent

Sh. Prasanta Kanjilal, NVVN

Quorum

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

**Chairman
Member**

ORDER

Facts of the case

1. The present petition has been filed on 31.03.2023 by Haryana Power Purchase Centre for the procurement of up to 300 MW power on medium term basis from Kameng Hydro Power Station located at Kimi, West Kameng District, Arunachal Pradesh through NTPC Vidyut Vyapar Nigam Limited (NVVN) at a tariff of Rs. 5.45 Rs/kWh applicable at generator ex-bus including a trading margin of Rs. 0.07/kWh

for a period of 5 years up till 31.03.2028 along with approval of draft PPA.

2. The details of the petition filed is reproduced as under:

- i. That the present petition is being filed by Haryana Power Purchase Centre (hereinafter referred to as "HPPC/ Petitioner" for the sake of brevity) through Chief Engineer, HPPC who is authorized to file the instant petition and is otherwise also well conversant with the facts of the case.
- ii. That the HPPC has been constituted under orders of the Government of Haryana vide notification dated 11.04.2008, which acts as a single buyer model for performing the function of arranging power on behalf of distribution licensees (for brevity 'Discoms') of Haryana, i.e. Dakshin Haryana Bijli Vitran Nigam Limited (for brevity 'DHBVNL') and Uttar Haryana Bijli Vitran Nigam Limited (for brevity 'UHBVNL').
- iii. That Kameng Hydro Power Station, owned and operated by North Eastern Electric Power Corporation Ltd. is a run-of-the-river with pondage scheme project to harness the hydropower of Bichom and Tenga Rivers (both tributaries of the River Kameng) with the Power House located at Kimi, West Kameng District, Arunachal Pradesh. The Power Station has two Dam, one at Bichom & the other at Tenga. The installed capacity of the Station is 600 MW (150MWx4) with a catchment area of 2277 Sq. Km (Bichom) & 1019 Sq. Km (Tenga) and design head of 504 m. The Plant has a pondage of 8 hours, thereby ensuring the smooth supply of power even during the lean season. The Commercial Operation Date of the Kameng HEP is 12.02.2021.
- iv. That NTPC Vidyut Vyapar Nigam Ltd. (NVVN) is a wholly-owned subsidiary of National Trading Power Corporation Ltd. (NTPC) holding a Category 'I' power trading license as per the Central Electricity Regulatory Commission (Procedure, Terms, and Conditions for grant of trading license and other related matters) Regulations.
- v. That the Hon'ble Commission vide Order dated 14.06.2022 in Petition no. 25 of 2022 had allowed HPPC to procure hydro power from Kameng HEP for a period of 9 months, i.e. from July 2022 till March 2023 at a tariff of Rs. 5.45/kWh applicable at generator ex-bus including a trading margin of Rs. 0.07/kWh. However, while according approval for procurement of power, the Hon'ble Commission added a rider to the effect that the scheduling of power shall be subject to the merit order dispatch. The relevant extract of the Order dated 14.06.2022 is reproduced hereunder for the ready reference –

“... The learned counsel, appearing for the petitioner, reiterated the contents of the petition, hence, for the sake of brevity, the same are not being reproduced here. Additionally, she submitted that during summer months the hydro power shall be used on RTC (Round the Clock) basis, while, during the winter months it shall be used as a peaking station. The Commission has taken note of the fact that due to non-availability of power from the sources such as APL, CGPL, FGPP etc. as well as critical coal stock position at HPGCL's power plants at Panipat, Yamuna Nagar, Hisar as well as Jhajjar Power Plant (CLP) and Aravali (NTPC), Haryana has been facing deficits in power availability thereby leading to prolonged hours of power cuts across all the consumer categories. Resultantly, in the months of April and May the power deficit have ranged between 1786 MW to 2570 MW. Further, as the peak demand months are underway, the deficit is expected to touch about 3000 MW. Further, given the continuing constraints on coal supply front including import of coal involving logistic and technical issues of blending, the supply of power from coal based thermal generating stations with which Haryana has long term Power Purchase Agreement(s), may also become un-reliable. Thus, given the high average market clearing price in the term ahead/ day ahead market and low liquidity, depending on the power exchange(s) to bridge the deficit and augment power supply in Haryana would not only be expensive but also uncertain due to low trading volumes. Analyzing the present offer on the anvil of the current demand and supply scenario as well as the trade off between sourcing power from the power exchange(s) and the instant Hydro Power, for nine months; the Commission, is of the considered view that the eight hours of available pondage would add a lot of flexibility for the HPPC / Discoms to manage its intra-day demand fluctuations. Further, the hydro power would also have the spin off RPO / HPO benefits.

In view of the above discussions and in the interest of the electricity consumers of Haryana, the present prayer, as appearing at para 12(a) and 12(b), are allowed. **However, the scheduling of power shall be subject to the merit order dispatch.**”

(Emphasis Supplied)

- vi. That HPPC being aggrieved with respect to the condition imposed by the Hon'ble Commission filed Review Application no. 8 of 2022. The Hon'ble Commission vide order dated 30.08.2022 disposed of the review petition with direction that during the months of November 2022 to March 2023,

HPPC may reduce / surrender up to 150 MW depending on its power demand and supply position without any financial liability on the other party. It was further mentioned in the order that the right of reduction in the offered capacity / surrendering up to a maximum of 150 MW can be exercised by either HPPC or NVVN so that equities are balanced on both the sides. As a result, the overall availability from Kameng HEP reduced to 50% during the months of November 2022 to March 2023.

- vii. That the PPA was executed between NVVN and HPPC on 01.09.2022 which is valid up till 31.03.2023. M/s NVVN vide letter dated 10.10.2022 extended the offer of 300 MW for a period of 5 years on similar terms & conditions as contained in PPA. A copy of letter of NVVN dated 10.10.2022 also annexed with the petition. NVVN vide email dated 03.02.2023 revised the offered quantum of power from Kameng HEP for a period of 5 years on similar terms & conditions as contained in PPA dated 01.09.2022, which is tabulated as under –

Month	FY 2023-24	FY 2024-25 and Onward till 31.03.2028
	Contracted Capacity in MW (% of installed station capacity)	Contracted capacity in MW (% of installed station capacity)
April	200 (33.3%)	300 (50%)
May	0 (0%)	100 (16.7%)
June	90 (15%)	125 (20.8%)
July	90 (15%)	125 (20.8%)
August	90 (15%)	125 (20.8%)
September	90 (15%)	125 (20.8%)
October	300 (50%)	300 (50%)
November	300 (50%)	300 (50%)
December	300 (50%)	300 (50%)
January	300 (50%)	300 (50%)
February	300 (50%)	300 (50%)
March	300 (50%)	300 (50%)

A copy of email of NVVN dated 03.02.2023 is annexed with the petition.

- viii. That pursuant to negotiations, NVVN vide email dated 06.03.2023 again revised the offered quantum as under –

Month	FY 2023-24	FY 2024-25 and Onward till 31.03.2028
	Contracted Capacity in MW (% of installed station capacity)	Contracted capacity in MW (% of installed station capacity)
April	200 (33.3%)	300 (50%)
May	0 (0%)	114 (19%)
June	114 (19%)	114 (19%)
July	114 (19%)	114 (19%)
August	114 (19%)	114 (19%)
September	114 (19%)	114 (19%)

October	114 (19%)	114 (19%)
November	300 (50%)	300 (50%)
December	300 (50%)	300 (50%)
January	300 (50%)	300 (50%)
February	300 (50%)	300 (50%)
March	300 (50%)	300 (50%)

A copy of email of NVVN dated 06.03.2023 is annexed with the petition.

- ix. That NVVN has submitted a copy of draft PPA for supply of 300 MW Power. A copy of draft PPA is annexed with the petition.
- x. That the State of Haryana has experienced critical power deficit last year. Thermal plants across the country were grappling with a coal shortage as the power demand in the states increased, and difficulty was experienced in bridging the gap between demand and supply because of insufficient coal stocks at the thermal plants.
- xi. As per the demand supply projections, the average deficit in the upcoming years is tabulated as under:

Case1: Considering power will be supplied through all contracted sources

Years	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Yearly average deficit	144	71	-378	-805	-1328
Average deficit	-1156	-1224	-1840	-2360	-2648

Case2: Considering power will be supplied through all contracted sources except CGPL & FGPP

Years	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Yearly average deficit	-605	-678	-1127	-1554	-2077
Average deficit	-1905	-1973	-1957	-1981	-2573

A copy of demand supply projections is annexed with the petition.

- xii. That Ministry of Power (MoP) vide circular dated 20.02.2023 had issued directions under Section 11 of the Electricity Act, 2003 to all imported coal based plants for use of blended coal for optimum generation. It has been mentioned therein that during year 2022-2023, India has touched it's all time highest electricity demand at about 215 GW. It has been forecasted that the peak demand will reach up to 229 GW during April 2023. A copy of circular dated 20.02.2023 is annexed with the petition.
- xiii. That in order to meet the deficit, HPPC has to procure power from the exchange at exorbitant cost. The details of power purchased through Exchange in the last FY 2022-23 are tabulated hereunder for ready reference of the Hon'ble Commission.

Month	Month wise Purchase of quantum during 2022-23		
	Qtm (LU)	Total Cost (Rs. in Lakh)	Landed cost (Rs/ Kwh)
Apr	5619.37	62661.02	11.50
May	5478.38	43433.84	8.20
Jun	5109.66	36327.65	7.35
Jul	2006.17	12064.33	6.22
Aug	3330.85	20577.17	6.40
Sept	4078.20	28938.93	7.31
Oct	274.60	1193.24	4.49
Nov	607.34	3109.81	5.32
Dec	1809.56	11862.33	6.83
Jan	2667.41	22846.18	8.95
Feb	3012.94	22362.93	7.72
Total	33994.47	265377.44	8.08

- xiv. That even in the last winter season, HPPC had to procure power from the exchange. The detail of day wise quantum purchased from Exchange during last winter season is tabulated hereunder for the reference of the Hon'ble Commission:

Details of Power Purchased from Power Exchange(s)					
Nov-2022		Dec-2022		Jan-2023	
Date	Quantum at NR Periphery (in LU)	Date	Quantum at NR Periphery (in LU)	Date	Quantum at NR Periphery (in LU)
01-11-22	3.00	01-12-22	96.79	01-01-23	0.38
04-11-22	5.50	02-12-22	33.77	02-01-23	9.91
05-11-22	43.95	03-12-22	29.04	03-01-23	22.05
06-11-22	0.75	05-12-22	44.25	04-01-23	40.89
07-11-22	1.37	06-12-22	39.42	05-01-23	68.05
08-11-22	6.95	07-12-22	36.26	06-01-23	137.04
09-11-22	4.25	08-12-22	40.91	07-01-23	136.19
10-11-22	0.75	09-12-22	44.79	08-01-23	74.97
12-11-22	14.75	10-12-22	36.76	09-01-23	102.74
14-11-22	6.47	11-12-22	2.97	10-01-23	170.02
15-11-22	14.60	12-12-22	36.32	11-01-23	202.72
16-11-22	0.75	13-12-22	70.63	12-01-23	114.88
17-11-22	8.04	14-12-22	56.50	13-01-23	109.87
18-11-22	9.32	15-12-22	41.19	14-01-23	90.39
19-11-22	16.94	16-12-22	90.76	15-01-23	14.67
20-11-22	3.88	17-12-22	79.35	16-01-23	96.88
21-11-22	59.10	18-12-22	52.07	17-01-23	95.10
22-11-22	62.77	19-12-22	76.21	18-01-23	103.83
23-11-22	22.34	20-12-22	163.79	19-01-23	90.87
24-11-22	51.21	21-12-22	51.92	20-01-23	113.01
25-11-22	71.67	22-12-22	42.62	21-01-23	138.41
26-11-22	66.21	23-12-22	24.35	22-01-23	50.00
27-11-22	0.82	24-12-22	30.74	23-01-23	110.80
28-11-22	17.32	25-12-22	30.51	24-01-23	167.95
29-11-22	38.51	26-12-22	211.12	25-01-23	162.90
30-11-22	76.11	27-12-22	154.27	26-01-23	3.64
		28-12-22	109.25	27-01-23	47.17
		29-12-22	51.97	28-01-23	71.40
		30-12-22	19.74	29-01-23	10.10
		31-12-22	11.29	30-01-23	70.02
				31-01-23	40.56
Total	607.34	Total	1809.56	Total	2667.41

- xv. That apart from meeting demand of the State, if any surplus is left the same will be banked during the winter months which further helps to bridge the gap between demand and supply during the next summer months.
- xvi. That it is worthwhile here to note that HPPC had floated tender for procurement of 1000 MW for the period 01.04.2022 to 31.03.2025 in which the two bidders were shortlisted namely, M/s MB Power & M/s RKM Power Gen at landed tariff Rs. 5.70/kWh and Rs. 5.75/kWh respectively. Further, Power Finance Corporation has recently discovered weighted average tariff of Rs. 5.17/kWh at generator Bus-bar under tender for procurement of 4500 MW for a period of 5 years under SHAKTI scheme.
- xvii. That the proposal of NVVN is to supply power for a period of 5 years. Medium term supply will help HPPC contract a reliable source of power supply. Under Short Term Open Access, the landed cost of power from Kameng HEP to Haryana comes to Rs. 5.46/kWh. However, under Medium Term Open Access, the landed cost of power comes to Rs. 6.02/kWh.
- xviii. That HPPC floated tender for procurement of 750 MW RTC power during the months from 01.03.2023 to 15.10.2023 in which the rates discovered are tabulated as under:

Period	Name of Trader	Quantum	Revised Rate after reducing Transmission Charges @ 57 paisa(Rs/ unit)	Weighted Avg. Rate (Rs/ unit)
01-03-2023 to 31-03-2023	Manikaran Power Limited/VS Lignite Power Pvt. Limited	100	6.12	6.46
	Manikaran Power Ltd /Coastal Energen Private Limited	25	6.12	
	Tata Power Trading Company Limited/Jindal Power Limited (JPL)	300	6.12	
	PTC India Limited/JAYPEE NIGRIE Super Thermal Power Plant (JNSTPP)	100	7.42	
	PTC India Limited/JAYPEE BINA Thermal Power Plant (JBTPP)	50	7.42	
	Total Quantum	575		
01-06-2023 to 30-06-2023	Tata Power Trading Company Limited/Jindal Power Limited (JPL)	300	7.20	7.20
	PTC India Limited/JAYPEE BINA Thermal Power Plant (JBTPP)	50	7.20	
	PTC India Limited/JAYPEE NIGRIE Super Thermal Power Plant (JNSTPP)	100	7.20	
	Total Quantum	450		
01-07-2023 to 31-07-2023	Tata Power Trading Company Limited/Jindal Power Limited (JPL)	300	6.70	6.76
	PTC India Limited/JAYPEE	50	6.70	

Period	Name of Trader	Quantum	Revised Rate after reducing Transmission Charges @ 57 paisa(Rs/ unit)	Weighted Avg. Rate (Rs/ unit)
	BINA Thermal Power Plant (JBTPP)			
	PTC India Limited/JAYPEE NIGRIE Super Thermal Power Plant (JNSTPP)	100	6.70	
	Instinct Infra And Power Ltd/Anuppur Thermal Power Project,	100	6.98	
	Sembcorp Energy India Limited/SEIL own plant	25	6.997	
	Total Quantum	575		
01-08-2023 to 31-08-2023	Manikaran Power Ltd /Coastal Energen Private Limited	50	6.77	6.71
	Instinct Infra and Power Ltd/Anuppur Thermal Power Project, M P	100	6.77	
	Tata Power Trading Company Limited/Jindal Power Limited (JPL)	300	6.67	
	PTC India Limited/JAYPEE BINA Thermal Power Plant (JBTPP)	50	6.67	
	PTC India Limited/JAYPEE NIGRIE Super Thermal Power Plant (JNSTPP)	100	6.67	
	Sembcorp Energy India Limited/SEIL own plant	25	7.017	
	Total Quantum	625		
01-09-2023 to 30-09-2023	Tata Power Trading Company Limited /Jindal India Thermal Power Limited (JITPL)	200	6.91	6.94
	Manikaran Power Ltd /Coastal Energen Private Limited	50	6.91	
	Instinct Infra and Power Ltd/Anuppur Thermal Power Project	100	6.91	
	Tata Power Trading Company Limited/Jindal Power Limited (JPL)	300	6.81	
	Sembcorp Energy India Limited/SEIL own plant	25	7.457	
	PTC India Limited/JAYPEE NIGRIE Super Thermal Power Plant (JNSTPP)	75	7.43	
	Total Quantum	750		
Weighted Average Rate				6.80

The above-mentioned quantum has been approved by HERC vide order dated 17.02.2023. A copy of order dated 17.02.2023 is annexed with the petition.

- xix. That HPPC has floated another tender for procurement of 750 MW RTC power during the months from 01.05.2023 to 15.10.2023 in which the following rates (excluding Transmission charges of 57 paisa) are discovered:

Period	Name of Trader	Name of Trader	Quantum	Rate Discovered (Rs/ unit)	Weighted Avg. Rate (Rs/ unit)
01-05-2023 to 31-05-	Tata Power Trading Company Limited	Nava Bharat Venture Limited, IPP, Odisha	25	9.430	10.18
	Tata Power Trading Company Limited	Nava Bharat Venture Limited, CPP, Odisha	25	9.430	

Period	Name of Trader	Name of Trader	Quantum	Rate Disccovered (Rs/ unit)	Weighted Avg. Rate (Rs/ unit)
2023	Tata Power Trading Company Limited	Govt. of Himachal Pradesh	50	9.430	
	Sembcorp Energy India Limited	Sembcorp Energy India Ltd (SEIL), AP	25	10.920	
	PTC India Limited	DB Power Limited, Chhatisgarh	25	12.430	
	Total Quantum		150		
01-06-2023 to 30-06-2023	NTPC Vidyut Vyapar Nigam Limited	IL&FS Tamil Nadu Power Co. Ltd.	140	8.390	8.51
	Tata Power Trading Company Limited	Nava Bharat Venture Limited, CPP, Odisha	50	8.390	
	Sembcorp Energy India Limited	Sembcorp Energy India Ltd (SEIL), AP	70	8.390	
	PTC India Limited	DB Power Limited, Chhatisgarh	50	8.390	
	Tata Power Trading Company Limited	Govt. of Himachal Pradesh	50	8.430	
	Adani Enterprises Limited	Mahan Energen Limited (MEL)	200	8.510	
	PTC India Limited	JSW Energy Limited Karnataka	100	8.930	
Total Quantum		660			
01-07-2023 to 31-07-2023	Adani Enterprises Limited	Mahan Energen Limited (MEL)	200	7.410	7.46
	PTC India Limited	Simhapuri Energy Limited, AP	150	7.410	
	Manikaran Power Limited	Dhariwal Infrastructure Limited	50	7.410	
	Tata Power Trading Company Limited	Nava Bharat Venture Limited, CPP, Odisha	25	7.410	
	Tata Power Trading Company Limited	Nava Bharat Venture Limited, IPP, Odisha	45	7.410	
	Sembcorp Energy India Limited	Sembcorp Energy India Ltd (SEIL), AP	70	7.410	
	PTC India Limited	DB Power Limited, Chhatisgarh	50	7.410	
	NTPC Vidyut Vyapar Nigam Limited	Adhunik Power & Natural Resources Ltd.	50	7.410	
	Ambitious Power Trading Company Limited	Jindal Power Ltd (JPL)	50	7.450	
	Maharastra State electricity Distribution Co. Ltd.	MSEDCL's Pool Power	60	8.010	
Total Quantum		750			
01-08-2023 to 31-08-2023	Ambitious Power Trading Company Limited	Jindal Power Ltd (JPL)	100	7.400	7.47
	Sembcorp Energy India Limited	Sembcorp Energy India Ltd (SEIL), AP	70	7.400	
	Manikaran Power Limited	Dhariwal Infrastructure Limited	50	7.400	
	PTC India Limited	Simhapuri Energy Limited, AP	150	7.400	
	Adani Enterprises Limited	Mahan Energen Limited (MEL)	200	7.400	
	NTPC Vidyut Vyapar Nigam Limited	Adhunik Power & Natural Resources Ltd.	50	7.400	
	Tata Power Trading Company Limited	Nava Bharat Venture Limited, IPP, Odisha	45	7.400	
	Maharastra State electricity Distribution Co. Ltd.	MSEDCL's Pool Power	85	8.010	
Total Quantum		750			
01-09-2023 to 30-09-2023	Ambitious Power Trading Company Limited	Jindal Power Ltd (JPL)	100	7.930	8.00
	Manikaran Power Limited	Dhariwal Infrastructure Limited	50	7.930	
	Adani Enterprises Limited	Mahan Energen Limited (MEL)	200	7.930	

Period	Name of Trader	Name of Trader	Quantum	Rate Discovered (Rs/ unit)	Weighted Avg. Rate (Rs/ unit)
	NTPC Vidyut Vyapar Nigam Limited	Adhunik Power & Natural Resources Ltd.	50	7.930	
	Sembcorp Energy India Limited	Sembcorp Energy India Ltd (SEIL), AP	50	7.930	
	Tata Power Trading Company Limited	Nava Bharat Venture Limited, IPP, Odisha	45	7.930	
	NTPC Vidyut Vyapar Nigam Limited	IL&FS Tamil Nadu Power Co. Ltd.	255	8.130	
	Total Quantum		750		
01-10-2023 to 15-10-2023	Ambitious Power Trading Company Limited	Jindal Power Ltd (JPL)	200	7.930	8.01
	PTC India Limited	Simhapuri Energy Limited, AP	150	7.930	
	NTPC Vidyut Vyapar Nigam Limited	Adhunik Power & Natural Resources Ltd.	50	7.930	
	Tata Power Trading Company Limited	Nava Bharat Venture Limited, IPP, Odisha	45	7.930	
	NTPC Vidyut Vyapar Nigam Limited	IL&FS Tamil Nadu Power Co. Ltd.	305	8.130	
	Total Quantum		750		
Weighted Average Rate					7.96

- xx. That from the above tables of the rate discovered in short term tender, it is anticipated that the rates in summer seasons in Exchanges & short term will likely to be on higher side. As such, the power from Kameng HEP will help to offset the procurement from Exchange & short term in the peak season of coming years.
- xxi. That the Hydro power from Kameng HEP of M/s NEEPCO through NVVN will help meet the deficit and will also contribute towards meeting Hydropower Purchase Obligations (HPO). The current status of HPO for the State of Haryana is annexed with the petition. It is pertinent to mention here that the commissioning of the projects Subansiri HEP, Parbati-II and Vishnugad Pipalkoti got slipped by one year. Since Hydro plants involve huge construction, it is more likely to have further slippage in the projects in pipeline. Thus, the power procurement through NVVN will help meet the HPO shortfall.
- xxii. That the hydro power offered by NVVN will be supplied round the clock during peak demand in the summer months. Considering the uncertainty in supply of coal to thermal power plant, hydro power will help meet the power deficit in the State of Haryana.
- xxiii. That considering the foregoing, the medium term power procurement from Kameng HEP will help the Petitioner to combat the ongoing deficit at a reasonable tariff based on the evaluation of the cost of power available in the exchange and the rates discovered in the current short term tender.

- xxiv. That the Petitioner-HPPC is making constant efforts to arrange a reliable and feasible power supply. Considering the position of power deficit in the State, growing requirement of power, and the unreliability of thermal power under Long term PPA owing to non-availability of coal, HPPC considers that the sourcing of hydropower through NVVN will be in the overall interest of all concerned including consumer of Discom's.
- xxv. Prayer: The petitioner prayed as under:
- a. Grant source approval for procurement of up to 300 MW from Kameng Hydro Power station located at Kimi, West Kameng District, Arunachal Pradesh owned by North Eastern Electric Power Corporation Ltd. (NEEPCO) through NTPC Vidyut Vyapar Nigam Limited(NVVN) at a tariff of Rs. 5.45/kWh applicable at generator ex-bus including a trading margin for a period of 5 years up till 31.03.2028;
 - b. Grant approval to schedule power from NEEPCO Kameng HEP w.e.f. 01.04.2023;
 - c. Grant approval to draft PPA to be executed between HPPC and NVVN; and
 - d. Pass any other order(s) and or direction(s), which the Hon'ble Commission may deem fit and proper in the facts and circumstances of the case.

Proceedings of the Case:

3. The case was first heard on 26.04.2023, wherein upon hearing the parties, the Commission vide its Interim Order observed that trading margin of Rs. 0.07/kWh appears to be on the higher side. The trading margin i.e. upto 7 paise/unit is subject to negotiation between the parties. Hence, the Commission directs the parties to negotiate the trading margin and reduce the same to 50% or below. The matter was listed for hearing on 03.05.2023.

Commission's Order:

4. The case was next heard by the Commission on 03.05.2023 at 11:30 AM, as scheduled, in the court room.
5. The learned counsel appearing on behalf of the petitioner, Ms Sonia Madan, submitted that as directed by this Hon'ble Commission, a meeting was held with the respondent i.e. NVVN on 01.05.2023. The learned counsel submitted the minutes of

the said meeting. The relevant part of the minutes of the meeting is as under:

“CEO, NVVN informed that M/s NVVN has not sold Kameng power with trading margin below 7 paise/unit wherever it has offered the said power on negotiation basis. CEO, NVVN further state that in the prevalent deficit power conditions, the power is available at a tariff much higher than the proposed tariff of NVVN. However, keeping in view the long association with Haryana, they have quoted their best price for the hydro powers i.e., Rs. 5.45/kWh. Further, M/s NVVN citing the current power availability scenario in the power sector, expressed its inability to reduce the trading margin below 7 paise/unit.”

6. The Commission has perused the petition filed by HPPC and recorded its averments made in the case. It is noted that the petitioner herein is a nodal agency, notified by the Haryana Government for all matters related to power purchase and trading on behalf of the two distribution licensees viz UHBNL and DHBVNL. And the respondent is an Inter-State Trading Licensee and an electricity trader in terms of the provisions of Section 2(26) read with Section 14 of the Electricity Act, 2003.
7. Given the power deficit scenario in the country especially during the summer/paddy season in Haryana, prices of short-term power have witnessed a sustained upward bias over the past few years. In a bid to restrain the prices of short-term power and prevent traders from taking advantage of the situation to make super normal profits, CERC, empowered under Section 79 (1) (j) of the Electricity Act of 2003, imposed a trading margin cap of Paise 7/ kWh on each unit of electricity traded.
8. In this case, the trading margin is maximum i.e. 7 paise/unit and the petitioner did not raise any objection or reservation or condition either to the payment of trading margin or to the quantum of such trading margin. It is a well settled principle of construction of contract that the intentions of the parties have to be gathered from the surrounding circumstances and in an objective manner so that no party makes any windfall gains. In the past, while accepting additional 176 MW power from JSW (Karcham Wangtoo) through PTC, the trading margin was negotiated and brought down from 5 paise/unit (1-12 years) and 10 paise/unit (13-35 years) to 3.9 paise/unit for 35 years. Hence, it is not that the trading margin has not been negotiated earlier or cannot be negotiated. Therefore, the Commission directs HPPC to negotiate the trading margin, in future, before approaching this Commission for source approval and the same should not be more than 3.5 paise per unit.
9. Further, upon hearing the counsel, the Commission observes that considering the change in market conditions due to factors such as rise in prices of traded power,

rising fuel costs and unavailability of linked coal/gas for generation of thermal and gas-based power, there is a need to procure competitive power at a feasible tariff.

The State of Haryana has experienced a critical power deficit situation and considering the coal shortage and the gap between demand-supply of power across the country. Considering the unreliability of thermal power under Long term PPA owing to non-availability of sufficient quantum of coal including extremely high landed cost of imported coal, hydro power will help meet the power deficit as well as peak demand in Haryana. Thus, power procurement from NVVN will help combat the ongoing deficit at a feasible tariff based on the evaluation of the cost of power available in the exchange currently. It is noted that the hydro power offered by NVVN will be supplied round the clock with maximum generation during peak demand in the summer months.

10. In view of the above discussions, the Commission grants source approval for procurement of up to 300 MW from Kameng Hydro Power station located at Kimi, West Kameng District, Arunachal Pradesh owned by North Eastern Electric Power Corporation Ltd. (NEEPCO) through NTPC Vidyut Vyapar Nigam Limited (NVVN) at a tariff of Rs. 5.45/kWh applicable at generator ex-bus including a trading margin for a period of 5 years up till 31.03.2028. The Commission also grants approval to schedule power from NEEPCO Kameng HEP w.e.f. 01.04.2023 and direct the parties to submit a signed copy of PPA executed between HPPC and NVVN within 15 days from the date of this order.

11. The present petition is allowed.

Accordingly, ordered.

This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 08.05.2023.

Date: 08.05.2023
Place: Panchkula

(Naresh Sardana)
Member

(R.K. Pachnanda)
Chairman