



HARYANA ELECTRICITY REGULATORY COMMISSION
Bays No. 33 - 36, Sector – 4, Panchkula-134109
Telephone No. 0172-2582531; Fax No. 0172-2572359
Website: - herc.gov.in

To

The Additional Chief Secretary
to Govt. Haryana
Power Department
Civil Secretariat, Chandigarh.

Memo No. 1618/HERC/Tariff/SV-2/2015
Dated 08.09.2015

Subject: Advice under Section 86(2) of the Electricity Act, 2003.

The Power Purchase Cost constitutes the single largest cost for the Discoms e.g. in the FY 2015-16 the cost of power to be purchased by the Discoms for supply to the electricity consumers in Haryana was about 78% (Rs. 18,947.38 Crore) of the total estimated expenditure of the Discoms of Rs. 24237.57 Crore.

The Commission had observed that the Discoms presently procure almost the entire power available to them under long term Power Purchase Agreements (PPA) signed with the Generators including Central Power Sector Undertakings as well as a few generator / traders under Case – 1 and Case – 2 bidding basis. The power being procured thereunder high rates from gas and thermal based power plants having cost as high as Rs. 7.50/unit. Some of the gas and coal based power are sometimes required to run, in case of backing down, at their minimum technical requirement due to which the cost of energy generated increases. Such generating stations having high cost of generation need to be identified and Power Purchase Agreements with such generators needs to be relooked & renegotiated and efforts be made to bring down the cost of power procurement from such sources.

Additionally, there are Generators (Gas, Hydro, Thermal based) with whom Discoms have signed the PPAs and are under construction stage and COD is yet to be achieved. Such PPAs need be relooked into, considering the latest trend in demand of power, as their tariff may be higher on account of increase in Capital Cost, cost of Coal and Gas and other parameters.

The State Government may consider reviewing all the PPAs as above to optimize the cost of power purchase of the Discoms.

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Director (Tariff)
HERC

No. HERC/ Tariff/ SV-2/2015/ 1619-1620

Date: 08.09.2015

A copy of the above is forwarded to the following for information please:-

1. The Managing Director, Uttar Haryana Bijli Vitran Nigam Limited, Vidyut Sadan, Plot No. C-16, Sector-6, Panchkula
2. The Managing Director, Dakshin Haryana Bijli Vitran Nigam Limited, C-Block, Vidyut Sadan Vidyut Nagar, Hisar- 125005