

GMR Vemagiri Power Generation Limited

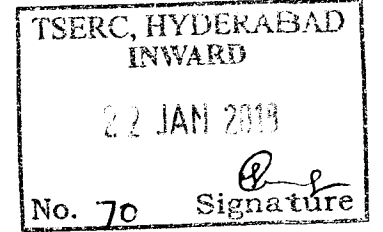


Corporate Office:
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New Udaan Bhawan Complex
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New Delhi-110037
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GMR/GVPGL/2017/DEL/072

Date: 12th January 2018

The Chief General Manager (IPC & RAC),
Southern Power Distribution Company of Telangana Limited,
Corporate Office, Ground Floor, Mint Compound,
Hyderabad – 500063
Telangana, India



Dear Sir,

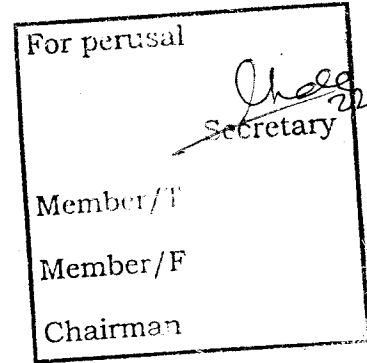
Subject: Objections/ Suggestions on the Public Notice for ARR filed before the TSERC by TSSPDCL in respect of Retail Supply Business for FY 2018-19

With reference to your Public Notice dated 28th December 2017 by TSSPDCL please find attached our objections/ suggestions in the requisite format for your kind consideration.

Yours sincerely,

For GMR Vemagiri Power Generation Limited


Authorized signatory



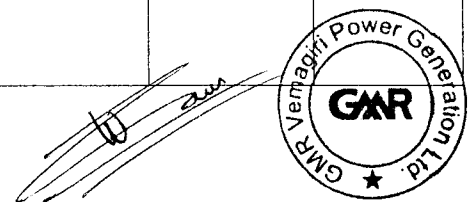
Copy to:

✓ The Commission Secretary
Telangana State Electricity Regulatory Commission
D.No. 11-4-660, 5th Floor, Singareni Bhavan, Red Hills,
Hyderabad-500004, Telangana



Regd. Office :
Skip House, 25/1, Museum Road,
Bangalore 560 025
Plant Office:
Vemagiri, Kadiam Mandal,
East Godavari Dist., A.P -533125.

Name & Full Address of the Objector	Brief details of Objection (s)/ Suggestion (s)	Objections against ARR, Tariff Proposals and Cross Subsidy Surcharge & Additional Surcharge proposals of TSSPDCL	Whether copy of objection & proof of delivery at Licensee's Office enclosed (Yes/No)	Whether Objector wants to be heard in person
<p>Corporate Office: GMR Vemagiri Power Generation Limited Building No. 302, Ground Floor, New Sakthi Bhawan, Terminal-3, Opp. ATS Complex, International Terminal Indira Gandhi International Airport, New Delhi-110037</p>	<p>GVPGL PPA provisions-</p> <ul style="list-style-type: none"> ➤ Article 2.1 –Sale & Purchase of Capacity: From and after Commercial Operation Date of the first Generating Unit, subject to the provisions of this Agreement, the Company shall sell, and the DISCOMs shall purchase, for the consideration of the Capacity Charge, all the available capacity of the project limited to Installed Capacity of 370MW. ➤ Article 1.1.27 Fuel: means Natural Gas only. ➤ Article 3.3, Case-I of PPA, “C” is the cost of fuel delivered at metering point is inclusive of cost of Gas and transportation charges, and other taxes as per the invoices given by the GAIL. ➤ Article 3.3, Case-II : In the event of purchase of Fuel from Fuel Suppliers other than GAIL, the cost “C” shall be the cost of Fuel delivered at the metering point, inclusive of cost of Fuel and transportation charges, and other taxes as per the invoice (s) given by the respective Fuel Supplier (s). ➤ “Fuel Suppliers” shall mean GAIL or any other fuel supplier with whom a Fuel Supply Agreement has been entered into in accordance with this Agreement. <p>In accordance to the above mentioned PPA provisions, GVPGL has been declaring its Plant availability on daily basis with Natural Gas as Fuel. However, TSDISCOMs are not dispatching power from GVPGL in spite of the Availability Declarations are as per PPA.</p> <p>Background:</p> <p>ONGC has started production of Natural Gas from K.G. Basin and offered to supply the same to GVPGL and accordingly Agreement was signed with GAIL and shared with TS Discoms. It may be noted that GOI, vide Notification No. O-22013/27/2012-ONG-D-V (VOL-II) dated 21.03.2016 notified the Marketing including</p>	<p>Page vii of ARR Filing for FY 2018-19 under “Power Purchase Requirement for FY 2018-19”</p> <p>Point 3.3.3 iii) at Page 47 of ARR Filing for FY 2018-19 under “Independent Power Producers (IPPs)”</p>	<p>Yes</p>	<p>Yes</p>



	<p>pricing freedom to producers for the Gas to be produced from Discoveries in Deep water, ultra-Deepwater and High pressure & High Temperature Areas subject to a ceiling price regulated by Gol.</p> <p>Further, MOPNG, vide its letter dated 12.05.2017 to GVPGL, also clarified that no allocation of Gas from the fields of ONGC (S-1 & VA) is warranted in line with GOI Notification dated 21.03.2016.</p> <p>As per PPA, there is no restriction on cost of gas nor source of gas. The PPA stipulates that the cost of Gas is pass through and accordingly to be borne by DISCOMs.</p> <p>As such, GVPGL is declaring plant availability to TS DISCOMs with Natural Gas supplied by GAIL. The said declaration is in compliance with the terms of existing PPA. Accordingly, invoices are being submitted to TS DISCOMs claiming Fixed Charges under the provisions of PPA.</p> <p>Suggestion:</p> <ol style="list-style-type: none">1) Commission shall take note of the above when ARR is finalized as DISCOMs are frustrating the PPA Terms and creating a financial liability in their books which in due course of time will reflect in the tariff affecting public at large.2) DISCOMs instead of purchasing power under short term/ bilateral from market, they should consider the availability declarations of power from GVPGL to avoid future fixed cost payment obligations.			
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