
Fwd: Comments on O.P. No. 57 of 2018

1 message

To, The Secretary, T.S. Electricity Regulatory Commission, 5 th Floor, Singareni Bhavan, Red Hills, Lakdi ka pool, Hyderabad – 500 008	From, M. Thimma Reddy, Convenor, People's Monitoring Group on Electricity Regulation, Plot No. 39, Radha Krishna Nagar, Hyderguda village, Attapur, Hyderabad – 500 048
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Date: 07-12-2020

Dear Sir;

Sub: Submission of comments in O.P.No.57 of 2018 filed by Gayatri Power Pvt. Ltd. seeking determination of tariff for its hydel power plant with a capacity of 2.2 MW established at Vemuluruvagu in Suryapet district

1. Gayatri Power Private Ltd (GPPL) has filed the petition O.P. No. 57 of 2018 seeking determination of tariff for its hydel power plant with a capacity of 2.2 MW. But the same petition is not accompanied by a PPA between the DISCOM within whose jurisdiction the said power plant is located – TSSPDCL in the present case and GPPL. The Commission in its letter to GPPL dated 20-06-2018 at Para 1 pointed out, “The earlier objection i.e., without filing the agreement copy entered by petitioner and respondent the petition is not maintainable U/s 86 (1) b. and R/w sec 62 of Electricity Act. Hence agreement to be filed.” To this GPPL replied through letter dated 28-06-2018, “Petitioner is not in possession of any draft PPA with it. The draft PPA is with the respondents only. Therefore, if the Hon’ble Commission opines that the draft PPA is necessary for adjudication of the present petition, the Hon’ble Commission may direct the Respondents for production of draft PPA at the time of hearing.” This response of GPPL, to say the least, is amusing and

raise the question whether the respondent – TSSPDCL – is interested in procuring power from this plant. It is also to be noted that from the present information made available on the website of the Commission counter filed by TSSPDCL is not included and it may be that it has not filed any counter. This makes it imperative to find whether TSSPDCL is interested in procuring power from this plant. If TSSPDCL is not inclined to procure power from this plant this exercise of determining tariff of this mini hydel power plant will be infructuous. As such this petition may be set aside.

2. In this context it is instructive to note para 5 of the Agreement between Non-Conventional Energy Development Corporation of AP Limited (NEDCAP) and GPPL dated 24-07-2010, “The company shall abide by the requisitions of the Andhra Pradesh Electricity Regulatory Commission (APERC). The proceedings issued by the APERC shall be followed. The developer shall approach APERC for obtaining license/exemption from obtaining license for supply/use of power. In the event of APERC disallowing captive consumption or the third party sale, the developer shall be required to enter in to Power Purchase Agreement (PPA) with concerned DISCOM as per the Electricity Act 2003. The NEDCAP cannot guarantee either the power purchase price or the DISCOM entering in to PPA as these are dependent upon the power supply position in the state at a given point of time and requirement of power by concerned DISCOM. The developer will be proceeding at his own risk with regard to either regulatory clearance for supply license or power purchase agreement with the concerned DISCOM.” From this extract it is clear that this mini hydel plant is primarily meant for captive consumption or third party sale, and in case the APERC did not allow this GPPL may try for PPA with the DISCOM. As GPPL is already selling power through power exchanges this PPA is not needed.

3. Notwithstanding the above, from the present proceedings it is clear that GPPL is not in a position to submit draft PPA and TSSPDCL is not interested in placing the draft PPA before the Commission. Without PPA the tariff fixing exercise will be of no use as the same is not going to be procured by the DISCOM. As such the petition requesting the Commission to determine tariff shall be dismissed.

4. One of the important considerations to be taken in to account is whether the power to be generated by this mini hydel power plant is needed in the state of Telangana. At present Telangana is facing surplus power situation. Also, TSDISCOMs have already achieved RPO target as set by the Commission. In such power surplus situation, there is no need to procure power from GPPL’s mini hydel power plant. Hence, the present petition of GPPL requesting the Commission to fix tariff for the said power plant may be dismissed.

5.1 According to GPPL’s petition CoD of the mini hydel plant was achieved on 22-10-2014. And Draft PPA with TSSPDCL for sale of power from this plant was executed in October 2016. In the normal course signed and approved PPA should have been in place by time CoD was achieved. But in the present case draft PPA was signed two years after CoD. In 2014 when power shortage was there it did not supply power to the state through a PPA with the concerned DISCOM. GPPL might have thought that it could profit from power shortage situation in the state. But in power surplus situation it wants to pass on the burden of high cost power from this plant on to the DISCOMs in the state and in turn on electricity consumers in the state.

5.2 This becomes obvious from GPPL’s letter to the Commission dated 25-09-2017. At Para d) it was submitted by GPPL thus, “The generation for the last 3 years did not yield revenue which is not even to break-even level. The company is incurring losses for the last 3 years and company is not getting return on investment by the promoters. Even if we assume that the generation of 6 million KV as per water discharge data of DPR, the company will not survive at the present tariff under open access system.” The present petition appears to be an attempt on the part of petitioners to salvage their company at the cost of electricity consumers in the state. In the interest of consumers we request the Commission not to impose such loss making power plant on the consumers.

6. In the circumstances as put forth in the above paragraphs we request the Commission to set aside the petition filed by GPPL through O.P. No. 57 of 2018.

7. We request the Commission to take our submission on record.

Thanking you.

Sincerely yours,

M. Thimma Reddy
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