

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Shri Ashok Basu, Chairperson**
- 2. Shri Bhanu Bhushan, Member**

**I.A. No. 67/2006 in
Petition No.67/2003
(SUO MOTU)**

In the matter of

Bringing generating stations of Central Public Sector Undertakings (CPSU's) supplying power to single beneficiary State under provisions of Availability Based Tariff (ABT).

And in the matter of

Grid Corporation of Orissa Limited, Bhubaneswar

.... Applicant

Vs

NTPC Limited, New Delhi

....Respondent

The following were present:

1. Shri R. K.Mehta, Advocate, GRIDCO
2. Shri A.K.Satpathy, SE, GRIDCO
3. Shri K.K.Nath, GRIDCO
4. Shri S. K. Choudhury, GRIDCO
5. Shri S.N.Goel, NTPC
6. Shri Manoj Sexana, NTPC
7. Shri Rakesh Kumar, NTPC
8. Shri S.D.Jha, NTPC
9. Shri Guryog Singh, NTPC
10. Shri Vivake Kumar, NTPC
11. Shri S.K.Sharma, NTPC

**ORDER
(DATE OF HEARING: 13.2.2007)**

This Commission in its order dated 4.1.2000 in Petition No. 2/99 (suo motu), after going through a transparent process of hearing the stakeholders had

decided to implement Availability Based Tariff (ABT), having the following distinguishing features, in different regions of the country in a phased manner:

- (i) Capacity Charge linked to availability,
- (ii) Energy Charge linked to schedule generation, and
- (iii) Unscheduled Interchange Charge linked to the grid frequency.

2. ABT was accordingly implemented in a phased manner in all the five regions, from the dates given hereunder in case of the generating stations supplying electricity to more than one State;

- (i) Western Region : 1.7.2002
- (ii) Northern Region : 1.12.2002
- (iii) Southern Region: 1.1.2003
- (iv) Eastern Region : 1.4.2003
- (v) North-Eastern Region: 1.11.2003

3. The Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004, applicable for the period 2004-2009 provides for classification of the generating stations for the payment of energy charge in two categories, namely those covered under ABT and others.

4. The generating stations other than those covered under ABT are those generating stations owned by the Central Public Sector Undertakings that supply power to single beneficiary in the State. The tariff in respect of these generating stations comprise of the capacity charge linked to availability, and energy charge linked to actual supply. The Unscheduled Interchange charge linked to

frequency, was not made applicable to such generating stations. The billing for these generating stations is not on scheduled generation but on actual supply and these generating stations in the absence of UI charge were found to be immune to grid discipline.

5. For the fact that ABT has been in operation in the country for a sufficiently long time, considerable exposure and experience has been acquired by all concerned in the operation of ABT. The beneficial results of ABT are evident in the scheduling and dispatch of generation capacity and maintenance of grid frequency within the optimum frequency band.

6. The Central Government has notified "National Electricity Policy" on 12.2.2005. Para 5.7.1 (b) of the electricity policy acknowledges the benefits accruing as a result of introduction of ABT at national level. The electricity policy calls upon the State Electricity Regulatory Commissions to introduce ABT at the State level within one year. Para 5.7.1 (b) of the electricity policy so far as what is relevant, is reproduced hereinbelow:

"The ABT regime introduced by CERC at the national level has had a positive impact. It has also enabled a credible settlement mechanism for intra-day power transfers from licenses with surpluses to Licenses experiencing deficits. SERCs are advised to introduce the ABT regime at the State level within one year".

7. Badarpur TPS, supplying power to the sole beneficiary, namely National Capital Territory of Delhi has been brought within the purview of ABT with effect from 1.4.2005. The Commission, in consonance with the aims and objects of the

electricity policy felt it necessary that all other generating stations within its regulatory jurisdiction and supplying power to single State be brought under the purview of ABT. Accordingly, the Commission vide its order dated 4.7.2005 decided that the following generating stations shall be subjected to ABT w.e.f.1.12.2005.

NTPC

- | | |
|-------------------|--------------------------|
| 1. Simhadri SPTS | (2 x 500 MW) |
| 2. Kayamkulam GPS | (359.58 MW) |
| 3. Faridabad GPS | (431.58 MW) |
| 4. Tanda TPS | (4 x 110 MW) |
| 5. Talcher TPS | (4 x 60 MW + 2 x 110 MW) |

NLC

- | | |
|----------|----------|
| 6. TPS-I | (600 MW) |
|----------|----------|

NHDC

- | | |
|------------------------------|--------------|
| 7. Indira-Sagar H.E. Project | (8 x 125 MW) |
|------------------------------|--------------|

8. The Commission had felt that it should be possible for the utilities concerned to complete the following activities by 30.11.2005 for smooth switchover to ABT regime:

- (i) Planning including identifying locations and requirement of Special Energy Meters (SEMs),
- (ii) Procurement and Installation of SEMs,
- (iii) Organising data collection and energy accounting, and
- (iv) Trial run of UI accounting, etc.

9. All the concerned agencies, including State Load Despatch Centres of the respective State, the Central Power Sector Utilities and the beneficiaries were directed to initiate steps for installation of Special Energy Meters necessary for implementation of ABT. The concerned generating companies and beneficiaries were required to submit joint action plans to the Commission.

10. The joint action plans for the following generating stations were submitted by the concerned utilities:

1. Talcher TPS (460 MW)
2. Faridabad GPS (431.58 MW)
3. Simhadri STPS (1000 MW)

11. Based on the above, ABT stands implemented w.e.f. 1.12.2005, as directed under order dated 4.7.2005, as regards Talcher TPS.

Interlocutory Application No. 67/2006

12. The applicant filed this application requesting that the order dated 4.7.2005 be kept in abeyance till Intra-State ABT was fully implemented in the State of Orissa on the following main grounds:

- (a) Non-implementation of intra-state ABT by OERC;
- (b) Non-installation of ABT compliant energy meters; and
- (c) Lower declaration and injection of more power by the respondent to take an undue advantage of UI mechanism.

13. The application was heard on 28.11.2006. With regard to the grounds at (a) and (b) above, the Commission vide order dated 7.12.2006 held as follows:

“5 It is observed that State Commissions are free to implement ABT for the intra-State generating stations, other than those owned by the Central Power Sector Utilities. In this regard, OERC has already issued a draft notification on 26.10.2006. Therefore, the first ground urged on behalf of GRIDCO has lost relevance, since ABT on other intra-State generating stations would be implemented sooner than later in the State of Orissa. It is pointed out that ABT has already been implemented on seven central sector generating stations supplying power to single beneficiary State, even in the absence of implementation of ABT for intra-State generating stations in those States.

6. Now we consider the second ground. Installation of the Special Energy Meters is no doubt a pre-requisite for ABT implementation. In the joint action plan, both the parties agreed to a methodology for recording the actual energy dispatched at the bus bar (ex-bus) from the existing energy meters. At that time the parties had also agreed that there was no need of new Special Energy Meters. In case it is felt that the installation of Special Energy Meters is necessary, then the SLDC/GRIDCO/NTPC should immediately take appropriate steps in that direction. Talcher TPS is the only central sector intra-State generating station in Orissa. GRIDCO/SLDC shall have to organize the compatible metering for other intra-State entities as and when intra-State ABT is introduced in State in due course of time. It would be more appropriate if the metering responsibility for Talcher TPS is also taken over by GRIDCO/SLDC, at this stage itself. However, ABT need not be suspended and the present arrangement should continue as hitherto till such time the required Special Energy Meters are installed.

14. As regards the third ground, the Commission observed in its order dated 7.12.2006 that:

7. This leaves only the last ground urged by GRIDCO for suspension of ABT. Although the Commission’s regulations allow generation up to 105% of the declared capacity in a time block and 101% during the day without being categorized as gaming, yet this cannot be a regular feature. Clause 6.4.13 of the Indian Electricity Grid Code (IEGC), which must be complied with by all inter-State generating stations (ISGS), is reproduced below:

“13. It shall be incumbent upon the ISGS to declare the plant capabilities faithfully, i.e., according to their best assessment. In case, it is suspected that they have

deliberately over/under declared the plant capability contemplating to deviate from the schedules given on the basis of their capability declarations (and thus make money either as undue capacity charge or as the charge for deviations from schedule), the RLDC may ask the ISGS to explain the situation with necessary backup data.

8. Clause 6.4.16 of the IEGC is also reproduced below:

16. RLDC shall periodically review the actual deviation from the dispatch and net drawal schedules being issued, to check whether any of the constituents are indulging in unfair gaming or collusion. In case any such practice is detected, the matter shall be reported to the Member Secretary, RPC for further investigation/action.

9. Thus, under ABT regime, the injection schedule specified by RLDC for an inter-State generating station depends on the availability declared by the generating station, and its merit order position amongst the various sources of power. In case of single beneficiary generating station in the State of Orissa, like Talcher TPS, Orissa State Load Despatch Centre (OSLDC) schedules and monitors the injection of power. Therefore, OSLDC is empowered to keep a check on the activities on generation by NTPC, and may insist on compliance of the above provisions of IEGC by the generating station, even when the limit of 101% prescribed in Regulation 24 (2) (i) of the 2004 tariff regulations is not exceeded and provisions of Regulation 24 (2) (ii) do not get attracted.

10. *In case of excess generation over the declared capacity on regular basis, it may amount to gaming by the generating station. SLDC in the State of Orissa under these circumstances is competent to conduct an inquiry into the matter to ascertain the reasons. Therefore, OSLDC is directed to file a detailed report latest by 31.12.2006 on the declaration of capacity by NTPC for Talcher TPS, the schedule given by OSLDC and actual generation and whether NTPC resorted to gaming at any point of time since the implementation of ABT with effect from 1.12.2005”.*

15. Orissa State Load Despatch Centre (OSLDC) vide its affidavit dated 29.1.2007 has submitted its report as per the directions of the Commission.

OSLDC has submitted that the respondent has failed to declare the plant capability faithfully in terms of the provisions under section 13 of chapter 6 relating to scheduling & dispatch code of IEGC, resulting thereby in certain commercial benefits to the latter. OSLDC has arrived at this conclusion by relying upon data of DC (Declared Capability), SG (Scheduled Generation) & AG (Actual Generation) for the period December 2005 to November 2006.

16. On the other hand, the respondent during the hearing has submitted that it has been declaring the plant capability faithfully and according to its best assessment after considering unit outages and loading capability of the machines. The respondent has further contended that it has been consistently declaring capability between 100.11% to 100.96% which implies that no capacity is being withheld from declaration. The respondent has further submitted that after implementation of ABT, there had been problems during the initial months because of the fact that load control was being done by looking at the MW meters of the units at generator terminals and by subtracting the normative APC of the generating station as a whole. But in the real time, with measurement of actual APC by measuring energy of meters and station transformers, there has been a considerable improvement in the declared capacity and actual generation.

17. It may be appreciated that during the early stages of ABT implementation, the generator as well as OSLDC were not having adequate experience and were

in the process of learning. We have been given to understand that by now the concerned utilities/agencies have acquired sufficient knowledge and experience to ensure smooth running of the generating station under ABT. In view of this, we are not inclined to go further into the issue of declaration of capacity and generation above declared capacity by the respondent for the past period. However, in future we would like the respondent to ensure that the declared capacity should be such that actual generation is around the declared capability, so that on an average there should not be mismatch between the declared capacity and the actual generation. However, OSLDC shall be well within its rights to seek an explanation from the respondent if it is found that actual generation is routinely above the declared capacity, as already pointed out in the order dated 7.12.2006 *ibid*.

18. In view of above, the deferment of ABT as prayed for, is not being agreed to.

19. In the end, the interlocutory application is disposed of with above observations with regard to declaration of capacity by the respondent and its monitoring by OSLDC.

**Sd/-
(BHANU BHUSHAN)
MEMBER**

**Sd/-
(ASHOK BASU)
CHAIRPERSON**

New Delhi dated the 15th March 2007