

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No.12/2009**

**Coram**

- 1. Dr. Pramod Deo, Chairperson**
- 2. Shri. S. Jayaraman, Member**
- 3. Shri. V.S.Verma, Member**
- 4. Shri M. Deena Dayalan, Member**

**DATE OF HEARING: 8.4.2010**

**DATE OF ORDER: 2.7.2010**

**In the matter of**

Combining Stage-I (3 x 210 MW) and Stage-II (4 x 210 MW) of NLC-Thermal Power Station-II generating station for the limited purpose of scheduling and UI computation and also to consider special treatment of Mines' load in the case of Generating Stations owned by NLC

**And in the matter of**

Neyveli Lignite Corporation Ltd.  
Vs

..... Petitioner

1. Tamil Nadu Electricity Board, Chennai
  2. Power Company of Karnataka Ltd, Bangalore
  3. Kerala State Electricity Board, Thiruvananthapuram
  4. Puducherry Electricity Department, Puducherry
  5. Transmission Corporation of Andhra Pradesh, Hyderabad
  6. Southern Regional Load Despatch Centre, Bangalore
  7. Southern Regional Power Committee, Bangalore
- ... Respondents

**The following were present**

1. Shri R. Suresh, NLC
2. Shri A.Ganesan, NLC
3. Shri S. Balaguru, TNEB
4. Shri R Krishnaswami, TNEB
5. Shri V.Suresh, SRLDC

**ORDER**

The petitioner, Neyveli Lignite Corporation Limited (NLC) has made this petition with specific prayers as under:

- (a) *To take on record this petition in respect of Combining Stage-I (3x 210 MW) and Stage-II (4 x 210 MW) of NLC TPS-II generating station for the limited purpose of scheduling and UI computation and also to consider special treatment on Mines load in the case of generation stations owned by NLC.*

(b) *To allow NLC to combine Stage-I (3 x 210 MW) and Stage-II (4 x 210 MW) of NLC TPS-II generation station for the limited purpose of scheduling and UI computation.*

(c) *To approve the methodology suggested by NLC for special treatment of NLC Mines.*

## **Background**

2. NLC Thermal Power Station-II (hereinafter referred to as “the generating station”) owned by the petitioner was constructed and commissioned in two phases, Stage-I consisting of 3 Units of 210 MW each and Stage-II consisting of 4 Units, of 210 MW each. Since their commissioning, the tariff for supply of power from these two stages of the generating station is being charged separately. Even after the introduction of Availability based Tariff (ABT) in Southern Region from 1.1.2003, the declaration of availability of power by the petitioner, the fixation of schedule by the respondent No.6, SRLDC and the UI computations, were done separately, Stage-wise.

3. In the year 2003, the petitioner filed Petition No.16/2003 before the Commission and submitted therein the problems faced by it for a smooth operation under the ABT regime and prayed for combining the two stages of the generating station for the purpose of scheduling and UI computation. The Commission by its order dated 15.10.2003 rejected the prayer of the petitioner. Against the said order, the petitioner filed Review Petition No. 94/2003, which was dismissed at the admission stage. Against this order, the petitioner filed appeal (Appeal No. 116-117/2005) before the Appellate Tribunal for Electricity (Tribunal) which was also dismissed by the Tribunal by its judgment dated 2.3.2006.

4. The Commission in Para 19 of its order dated 23.6.2008 in Petition No. 17/2008, filed by NTPC for review of the UI ceiling rate of Rs 4.06/kWh specified under the Regulation 24 of the 2004 regulations observed as under:

*"19. In the light of the above, we are not satisfied with the petitioner's contention that there is immediate necessity to review the UI ceiling rate of Rs 4.06/kWh specified under the Regulation 24 of the 2004 regulations. However, we may add that we are open to address any genuine hardships resulting from the amendments after some experience is gained of its working. In this direction, the Commission could consider suggestions for clubbing of two or more stages of a generating station for the purpose of scheduling and UI computation, as also for a special treatment of Mines' load in the case of generating stations owned by NLC"*

5. The petitioner has submitted that the present petition with the prayer to combine Stage-I and Stage-II of the generating station has been filed for the limited purpose of scheduling and UI computation, taking into account the changed scenario and the above said observations of Commission in order dated 23.6.2008.

6. During the hearing on 20.5.2009, the Commission directed the petitioner to file details justifying its claim that the generating station was incurring losses on account of treating the two stages separately for the purpose of UI and also on account of the adoption of ex-bus ex-mines declaration. The petitioner by its affidavit dated 27.6.2009 has submitted its justification, briefly, as under:

(a) Combining both the stages of the generating station would provide operational convenience and facilitate more injection into the grid. Operating all the seven units of the generating station as a single station would provide more flexibility as compared to the operation as two stages

- (b) By combining both the stages, the payment of UI would be reduced to some extent and at the same time support grid by injecting more power.
- (c) To ensure that the UI penalty payable by the generating station as a whole gets mitigated to an extent when there is unforeseen load reduction in any of the units. Also, with the availability of more units, the generation loss is limited.
- (d) The loss to the grid on account of the declaration of capacity on ex-mines basis as compared to ex-bus basis has been submitted as Annexure to the petition.

7. The first respondent, TNEB has submitted that the declaration of availability by the petitioner is Stage-wise and not by a combination of two Stages. Combination of the two stages for a limited purpose of UI alone, disregarding other parameters was against the principles of equity and was not legally tenable. The respondent has further submitted that even though energy charges for both the Stages of the generating station was the same on account of pooling of Mines cost for the purpose of tariff, the capacity charges were different for both the Stages and the capacity allocations to the beneficiaries of the two Stages of the generating stations were also different. It also submitted that combining both the Stages for the purpose of UI would defeat the intent of ABT as the same would be referred to as precedence by other generators under the pretext of level playing field. As regards special treatment of Mines load, the Commission had already exempted the treatment of Mines as beneficiary to attract UI charges. As the petitioner has only suggested a new methodology for Ex-bus and Ex-mine declaration and has not sought for special treatment of mines load, the Commission may dismiss the petition, the respondent argued.

8. The third respondent, KSEB has submitted that the sole purpose of the petitioner, through this petition, was to defeat the intent and purpose of UI, as it was not able to meet the schedule given by SRLDC. Also, the prayer of the petitioner should not be accepted as it would encourage gaming. It also submitted that the prayer of the petitioner should not be allowed as the beneficiary SEB's would be deprived of their option to have merit order through availing energy from low cost Stage-I of the generating station. Moreover, the prayer of the petitioner should not be allowed, as it would form a precedent for other generating companies to combine the different stages of a generating station for earning extra income.

9. The sixth respondent, SRLDC has submitted that the prayer of the petitioner may not be considered for the following reasons:

- (a) Combining Stages-I & II of the generating station was bad economics as the need of hour is to improve the efficiency of individual stages instead of offsetting inefficiency of one Stage with that of the other.
- (b) In order to maintain better planning practices and thereby to improve operational efficiency, the applicability of the regulations of the Commission with respect to actual generation not exceeding 105% of Declared capacity (DC) in an individual time block and 101% of DC for the day may be considered Stage-wise separately, as per the prevailing practice.
- (c) Variation in the methodology for computation of UI would impact the beneficiary constituents.
- (d) The prayer of the petitioner, if allowed, would give signal to other constituents to file similar pleas thereby complicating the real time grid operation and deviating 'control area' demarcation/definition.
- (e) The present methodology of Ex-mines Declared Capacity used for computation of entitlement /requirement and scheduling may be continued in case of Stage-I &II.

## **ANALYSIS**

10. Though the petition was heard on 20.5.2009 and orders reserved by the Commission, certain clarifications on the data/ additional information submitted by the parties were required. Hence, the matter was finally heard on 8.4.2010. We now consider the matter in the light of the submissions made by the parties in the pleadings and also at the hearing.

11. As stated above, the prayer of the petitioner for combining two stages of the generating station made in Petition No. 16/2003 and Review Petition No. 94/2003 was rejected by the Commission and the appeal (Appeal Nos. 116 and 117/2005) filed before the Tribunal, against the above orders of the Commission were also dismissed. In the above backdrop, the submission of the petitioner that the present petition has been filed on account of the changed scenario and the observations of the Commission in Para 19 of its order dated 23.6.2008 in Petition No. 17/2008 needs to be considered.

12. In order to consider the prayer of the petitioner for combining the two stages of the generating station, the Commission directed the sixth respondent, SRLDC to furnish the month-wise UI accounts for 2008-09, in respect of Stage-I and Stage-II of the generating station separately and the same has been submitted vide letter dated 15.6.2009. It was observed from the UI data submitted for the year 2008-09, that in most of the weeks, the net UI was receivable by the petitioner. Even for some weeks where UI was payable by the petitioner, the amounts were marginal. Also, during the year 2008-09, the generating station received net UI amounting to Rs. 726 lakh and Rs.1145 lakh from Stage-I and Stage-II respectively. Therefore, the average/total UI over the

period of one year was receivable by the petitioner. It was also observed that the petitioner was not facing any financial hardship on account of separate scheduling and UI computation for Stage-I and Stage-II of the generating station.

13. Stages I and II are two generating stations with separate linked Mines and separate switchyard. In order to simplify the scheduling and UI computation of both the Stages of the generating station, the Commission by its order dated 3.3.2006 in Petition No. 1/2006 had allowed the petitioner to “declare its ex-power plant capabilities (DC), net of anticipated power consumption of its mines” with effect from 1.4.2006.

14. The petitioner has also submitted that UI may be computed on ex- bus basis instead of ex-Mines, in order to maintain a steady load on the machines instead of frequently varying the same corresponding to the actual drawl by Mines. However, from the information submitted by SRLDC, we find that the number of time blocks the actual generation exceeded the prescribed limits of 105%/ 101% was 6 (six) times for Stage-I and 5 (five) times for Stage-II of the generating station, due to the “variation in Mines consumption”, out of the total time blocks of 21984 during the period from 1.4.2009 to 15.11.2010. From the data, it is evident that the petitioner could estimate the Mines consumption with sufficient accuracy in recent times. Hence, the argument of the petitioner that it is facing difficulty in declaring net DC ex-mines, because of variation in mines consumption is not sustainable.

15. The scheduling and dispatch procedure as envisaged in the Indian Electricity Grid Code provides that the generators should make declaration of capacity station-wise and stage-wise and the beneficiary should indicate their drawl requirements on day-ahead basis. This is provided in order to facilitate the system operator (RLDCs) in generation-load balancing, in accordance with the allocation of power in the respective Power Purchase Agreement (PPA) between the generators and the beneficiaries and to schedule the generation for each stage separately in accordance with the allocations of power from such stages. The present system of day-ahead scheduling and dispatch generating station-wise and stage-wise is functioning well. In future also, in terms of the existing provision under tariff policy for future procurement through competitive bidding process, different stages of a generating station may not involve the same beneficiaries and therefore, it is desirable that system of stage wise scheduling and dispatch is continued. In the order dated 23.06.2008 in Petition No.17/2008, the Commission had observed that if any genuine hardship is faced by a generator on account of the UI ceiling rate of Rs.4.06/Kwh, the Commission was open to address the same through clubbing of two or more stages of a generating station as also special treatment of Mines' load incase of generating station owned by NLC. We find that NLC has not faced any hardship on this account. Hence, we are of the view that it would not be appropriate to combine two or more stages of a generating station in this case.

16. In view of the above, the petition is devoid of merit and is accordingly dismissed.

**Sd/-**  
**(M. DEENA DAYALAN)**  
**MEMBER**

**sd/-**  
**(V.S.VERMA)**  
**MEMBER**

**sd/-**  
**(S. JAYARAMAN)**  
**MEMBER**

**sd/-**  
**(Dr. PRAMOD DEO)**  
**CHAIRPERSON**



