

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 21/MP/2018**

**Coram:**

**Shri P.K.Pujari, Chairperson  
Shri A.K. Singhal, Member  
Shri A.S.Bakshi, Member  
Dr. M.K. Iyer, Member**

**Date of Order: 21<sup>st</sup> February, 2018**

**In the matter of**

Petition under section 79 (1) (b) for approval of the amendment of tariff and PPA on account of allocation of coal linkage under the SHAKTI scheme of the Government of India

**And**

**In the matter of**

KSK Mahanadi Power Company Ltd.  
8-2-293/82/A, Road No. 22,  
Jubilee Hills,  
Hyderabad- 500033

**.....Petitioner**

**Vs**

1. Tamilnadu Generation and Distribution Corporation Ltd  
NPKRR Maaligai, 144,  
Annasalai, Chennai - 600002

2. Eastern Power Distribution Company of Andhra Pradesh Ltd  
Corporate Office P&T Colony, Seethammadhara,  
Visakhapatnam (AP) - 530013

3. Southern Power Distribution Company of Andhra Pradesh Ltd,  
D. No: 19-13-65/A, Srinivasapuram Tiruchhanur Road,  
Kesavayana Gunta,  
Tirupati (AP) - 517501

4. Madhyanchal Vidyut Vitran Nigam Ltd  
4A, Gokhale Marg  
Lucknow-226001

5. Paschimanchal Vidyut Vitran Nigam Ltd  
Urja Bhawan, Victoria Park  
Meerut-250001

6. Purvanchal Vidyut Vitran Nigam Ltd  
DLW Bhikharipur, Varanasi-221004



7. Dakshinanchal Vidyut Vitran Nigam Ltd  
Urja Bhawan, NH-2  
Sikandra, Agra-282002

8. Chhattisgarh State Power Trading Company Ltd  
2<sup>nd</sup> Floor, Vidyut Sewa Bhawan,  
Dangania, Raipur

....Respondents

**Parties present:**

Anand K. Ganesan, Advocate, KSK Mahanadi Ltd  
Shri A. Sreenath, KSK Mahanadi Ltd  
Shri S.Vallinayagam, Advocate, TANGEDCO  
Shri Rajiv Srivastava, Advocate, UPPCL  
Ms. Garima Srivastava, Advocate, UPPCL

**ORDER**

The Petitioner has filed this Petition with the following prayers:

*“(a) Approve the amendment to the PPAs between the Petitioner and Respondents 1 to 8 for passing on discount to the procurers as provided in para 11 & 13 above as provided for in clause (B) (ii) (b) of the SHAKTI Policy dated 22.5.2017 and Lol issued by Coal India Limited; and*

*(b) Pass such other order(s) as the Hon’ble Commission may deem just in the facts of the present case.”*

**Background**

2. The Petitioner, KSK Mahanadi Power Company Ltd., a company incorporated under the Companies Act, 1956 has set up a coal based Thermal Power Project with an installed capacity of 3600 MW (6 units of 600 MW each) (‘the Project’) at Village-Nariyara of Tehsil Akaltara in Janjgir- Champa district in the State of Chhattisgarh. The Project has been set up pursuant to a Memorandum of Understanding (MOU) entered into by the Petitioner with the State Govt. of Chhattisgarh and the *erstwhile* Chhattisgarh State Electricity Board (CSEB) on 15.2.2008 and subsequently an Implementation Agreement (IA) executed with the Chhattisgarh State Power Holding Company Limited (a successor company of CSEB) on 13.8.2009. The Petitioner is a generating company within the meaning of section 2(28) of the Electricity Act, 2003.



3. Under the CSEB Transfer Scheme Rules, 2010, Chhattisgarh State Power Trading Company (CSP Tradeco) has been mandated to act as an authorised representative of the State Govt. of Chhattisgarh to execute Power Purchase Agreements (PPAs) with the developers of coal based thermal power projects being set up in the State of Chhattisgarh under the MOU route. Accordingly, the Petitioner and CSP Tradeco had signed PPA dated 18.10.2013 providing for the terms and conditions for supply of concessional power at variable cost to CSP Tradeco from the project as under:

- (a) 5% of net power generated by using coal supply of coal linkage; and
- (b) Additional 2.5% over and above the 5% power as stated in para (i) above of the net power generated, in the event captive coal block located within Chhattisgarh is allocated to Petitioner.

4. M/s Sai Lilagar Power Limited (SLPL), a company incorporated under the Companies Act, 1956 and having its registered office at Hyderabad, is an associate company of the Petitioner. SLPL presently owns a coal based thermal power plant with an installed capacity of 86 MW in the State of Chhattisgarh and is connected to the State Grid at Akaltara sub-station of Chhattisgarh State Power Transmission Company Ltd (CSPTCL) which is also designated as an STU in the State. The Petitioner vide letter dated 24.4.2013 had requested CSP Tradeco to allow the Petitioner to meet part of its supply obligations under the PPA dated 18.10.2013 from SLPL Project. SLPL agreed to supply the said power from SLPL Project to CSP Tradeco towards fulfilment of supply obligations of the Petitioner from its project under the said PPA. The State Govt. of Chhattisgarh vide its letter dated 16.9.2013 had accorded approval to CSP Tradeco to procure part of the contracted power under the provisions of the IA dated 13.8.2009 from SLPL Project towards discharge of supply obligations of the Petitioner under the PPA dated 18.10.2013. Subsequent to the above approval, the Petitioner, SLPL and CSP Tradeco have entered into a Tripartite



agreement dated 15.6.2015 which *inter alia* required (i) the Petitioner and CSP Tradeco to execute Supplementary agreement to PPA dated 18.10.2013 with respect to supply of 150 MW of concessional power on variable charges to CSP Tradeco from the Project, and (ii) SLPL and CSP Tradeco to execute separate PPA wherein SLPL agrees to supply the balance 75 MW of concessional power (equivalent to that produced by Unit Nos.3,4 and partly 2 of the Project) at Energy charges directly from SLPL Project to CSP Tradeco. Accordingly, Supplementary agreements were entered into on 15.6.2015 with regard to (i) supply of 150 MW concessional power by the Petitioner to CSP Tradeco from the Project and (ii) back to back Power Sale Agreement between CSP Tradeco and CSP Distribution Company Ltd (CSPDCL) for supply of net energy equivalent to 225 MW under long term basis. As regards the energy charges payable by CSPTCL (Respondent No.8), the Petitioner has filed Petition No. 49/2017 before the Chhattisgarh State Electricity Regulatory Commission (CSERC) and the same is pending for adjudication. However, CSERC vide order dated 1.12.2017 had approved the back-to-back PPA for purchase of obligatory power from the Petitioner.

5. In accordance with the Competitive Bidding Guidelines of the Central Govt. dated 19.1.2005 under section 63 of the Electricity Act, 2003, TANGEDCO (Respondent No.1) had initiated a competitive bidding process through issue of Request for Proposal' (RFP) for procurement of 1000 MW ( $\pm$  20%) long term power under Case-I bidding process for a period of 15 years from 2013. Pursuant to the said bidding process, the Petitioner was selected as a 'Seller' for sale and supply of 500 MW power to the Procurer (TANGEDCO). Consequently, Power Purchase Agreement (PPA) was executed between the parties on 27.11.2013 and the tariff quoted in



respect of the same was adopted by the Tamil Nadu Electricity Regulatory Commission (TNERC) by order dated 29.7.2016.

6. Andhra Pradesh Power Coordination Committee (APPCC), on behalf of the discoms of the State of Andhra Pradesh (Respondent Nos. 2 &3) had initiated a competitive bidding process for procurement of medium term power of 2000 MW ( $\pm$  20%) under Case-I bidding process for the period 15.6.2013 to 16.6.2016. Pursuant to the said bidding process, the Petitioner was declared as a successful bidder for supply of 400 MW of power and accordingly, the four discoms executed PPAs with the Petitioner on 31.7.2012. Thereafter, the Andhra Pradesh State Electricity Regulatory Commission (APSERC) by order dated 18.6.2013 had adopted the tariff of Rs.4.2509 for procurement of 400 MW power for the period from 15.6.2013 to 16.6.2016. Subsequently, the parties vide agreement dated 19.12.2014 modified certain clauses of the PPA dated 31.7.2012, which included the 'expiry date' as 31.3.2021 (instead on 15.6.2016) or such extended period as mutually agreed upon by the parties. This was approved by APSERC vide its order dated 19.8.2015.

7. UPPCL, on behalf of the UP State distribution companies (Respondents 4 to 7), had initiated a competitive bidding process (Case-I) for procurement of 6000 MW power on long term basis during July, 2012. Pursuant to the competitive bidding process, the Petitioner was declared as a successful L5 bidder for a capacity of 1000 MW with a levelised tariff of Rs.5.588. PPA was also entered into by the Petitioner with UPPCL on 18.1.2014. Thereafter, the Uttar Pradesh State Electricity Regulatory Commission (UPERC) by order dated 24.6.2014 had adopted the tariff of the Petitioner for procurement of the said capacity.

8. The details of the PPA entered into by the Petitioner are summarised as under:



Sl No	Purchaser	Date of PPA	Quantum of PPA
1	UP Discoms	26.2.2014	1000
2	AP Discoms	31.7.2012 & 19.12.2014	400
3	TANGEDCO	27.11.2013	500
4	CSP Tradeco	18.10.2013	225
<b>Total Capacity</b>			<b>2125</b>

9. The Ministry of Coal, Govt. of India vide Circular No. 23011/15/2016-CPD/CLD dated 22.5.2017 introduced a New More Transparent Coal Allocation Policy for Power Sector, 2017, namely, SHAKTI (Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India) (hereinafter called the 'SHAKTI scheme'). In accordance with the said Policy, the Petitioner was eligible to apply for coal linkage to be granted for generation and supply of electricity to the Respondents under the respective PPAs. The Petitioner participated in the 'SHAKTI scheme' and was successful in obtaining coal linkages and allocation of coal from Mahanadi Coalfields Ltd (MCL) and South Eastern Coalfields Ltd (SECL). Accordingly, MCL and SECL issued Letters of Intent (LOI) dated 21.12.2017 declaring the Petitioner as provisional successful bidder and allocating coal from the following sources:

Sl. No	Source	Grade	Quantity allocated (MT)	Offered discount (Paise / KWh)	Lol Reference NO. (Enclosed as Annexure -1 to the amendment)
1	MCL 1b Valley and Basundhara State, Odisha	G 13	1100000	2.0	MCL/SBP/COMM/HOD(M&S)/2017-18/1993 dated 21.12.2017
2	MCL Talcher State, Odisha	G 13	20700	1.0	MCL/SBP/COMM/HOD (M&S)/2017-18/1992 dated 21.12.2017
3	SECL Korea Rewa State, Chhattisgarh	G 6	1200000	2.0	SECL/BSP/M&S/FSA SHAKTI/LOI/ 8785635/ KMPCL/ 2843 dated 21.12.2017
4	SECL Others Korba and Mand Raigarh State, Chhattisgarh	G 12	4500000	4.0	SECL/BSP/M&S/FSA SHAKTI/LOI/8/85635/KMPCL/2844 dated 21.12.2017



10. The Petitioner has submitted that in terms of the 'SHAKTI scheme' and the LOI issued to the Petitioner, the approval of the Appropriate Commission is required to be obtained for the amended PPAs incorporating the discount offered by the generators. By letter dated 11.1.2018, the CEA had communicated the details with respect to coal allocation under the 'SHAKTI scheme' to the Petitioner viz. the details of the Procurers (the respondents herein) and the quantum of coal allocation in the LOIs from CIL.

11. The Petitioner has submitted that in terms of the above, the PPA between the Petitioner and Respondent No.1 TANGEDCO has been amended vide Addendum dated 11.1.2018 wherein, Schedule 4A has been inserted after Schedule 4 to provide for the methodology for adjustment of discount in the monthly bills to the Procurers. The Petitioner has also stated that it has signed Amended/Supplementary PPAs with the Respondent Nos. 2 to 8 in terms of the 'SHAKTI scheme'.

12. The Petitioner has also submitted that in the Formula provided in Schedule 4A for the purpose of calculating the total discount, changes have been adopted in the amendment to the PPAs signed with the Respondents 2 to 7. The Petitioner has further stated that in respect of Respondent No.8, the formula as considered in case of Respondent No.1 has been considered in the amended Schedule 6A of the PPA dated 18.10.2013, in order to arrive at the discount to be allowed from the applicable tariff.

13. The Petitioner has submitted that the Appellate Tribunal for Electricity (the Tribunal) in the Full Bench judgment dated 7.4.2016 in Appeal No. 100 of 2013 (UHBVNL & anr V CERC & ors) had held that the tariff being uniform is not a precondition for exercise of jurisdiction by the Central Commission under Section



79(1)(b) and supply to two states would constitute a composite scheme. The Petitioner has further submitted that the Hon'ble Supreme Court in its judgment dated 11.4.2017 in Energy Watchdog Vs CERC & ors has further clarified and expanded the jurisdiction of this Commission to even those cases where there is inter-State supply of electricity. Accordingly, the Petitioner has submitted that since it is supplying electricity to more than one State, it would fall within the jurisdiction of this Commission.

14. The Petitioner has submitted that the generation and supply of power to the Respondents is from the generating station as a whole, and not from any particular unit of the generating station. Therefore, the generation of electricity using coal available under the coal linkage in terms of the 'SHAKTI scheme' is to be apportioned to all respondents in a proportionate manner with reference to their respective capacities. It has pointed out that the formula inserted in Schedule 4A of the PPAs captures the said apportionment amongst all the Procurers. The Petitioner has stated that the discounts offered on the tariff are also uniform to all the procurers out of the electricity generated and supplied using coal under the 'SHAKTHI scheme'. The Petitioner has added that the application of the formula for providing discount is uniform to all the Procurers. In the above background, the Petitioner has filed the present Petition with the prayers as stated in para 1 above.

15. During the hearing of the Petition on 1.2.2018, the learned counsel for the Respondent, TANGEDCO while pointing out that the Petitioner has entered into amended PPAs with all the Respondents, submitted that the Petitioner may be directed to adopt uniform GCV measurement of coal while claiming the said reliefs. The Commission, however, directed issue of notices to all the Respondents and for completion of pleadings in the matter. The Commission also directed the Petitioner





to clarify that it has neither filed any Petition nor any Petition filed by it was pending before the concerned State Electricity Regulatory Commissions.

16. In response, the Petitioner vide affidavit dated 31.1.2018 (filed on 6.2.2018) has mainly clarified as under:

(a) The PPA dated 31.7.2012 which the Petitioner had with the distribution licensees of the undivided State of Andhra Pradesh (which got bifurcated to new States of Telengana and Andhra Pradesh) had expired on 15.6.2016 and is no longer in existence. However, the Petitioner is presently supplying the entire power to the discoms of the new State of Andhra Pradesh pursuant to the extension of the PPA and no supply is made to the State of Telengana. The Bifurcation Act in no manner applies to the Petitioner.

(b) The Petitioner has not filed any Writ Petition or any other proceedings before the Hon'ble High Court for the States of Telengana and Andhra Pradesh in Hyderabad on the issue of jurisdiction of the State Commissions vis a vis the Central Commission. The matter before the Hon'ble High Court is on the issue of jurisdiction qua the generators who were within the then undivided State of Andhra Pradesh and their status under the provisions of the Bifurcation Act for the State of Andhra Pradesh.

(c) Certain disputes between the Petitioner and the distribution licensees of the undivided State of Andhra Pradesh were pending before the Regulatory Commission prior to the bifurcation of the State, continued before the new Regulatory Commissions created for the States of Andhra Pradesh and Telengana, after the bifurcation.

(d) The Hon'ble Supreme Court has held that mere sale by a generator located in one state to a licensee located in different states would invoke the jurisdiction of this Commission under Section 79(1)(b) of the Electricity Act, 2003.

17. The Petitioner vide affidavit dated 9.2.2018 has furnished the details of the petitions pending before the State Regulatory Commissions of Telengana and Andhra Pradesh and has submitted that those Petitions were filed before the State Commissions prior to the full bench judgment of the Tribunal. It has submitted that subsequent to the said decision, the Petitioner has not approached the State Commissions for adjudication of disputes or otherwise submitted to the jurisdiction of



the State Commissions. The Petitioner has added that against the order of the APERC dated 28.9.2016 holding that it has the jurisdiction, the Petitioner has filed Appeal before the Tribunal and the same is pending. Accordingly, the Petitioner has prayed that the approval of discount in tariff to the licensee needs to be granted in a common manner by this Commission as the generating station of the Petitioner falls within the scope of Section 79(1)(b) of the Electricity Act, 2003.

18. During the hearing on 15.2.2018, the learned counsel for the Petitioner reiterated the submissions made in the Petition and prayed that the relief prayed for may be granted. The learned counsel for the Respondent, TANGEDCO submitted that the Petitioner may be directed to adopt uniform GCV measurement of coal in the formula for the purpose of calculating the total discount.

### **Analysis and decision**

#### **(A) Issue of Jurisdiction**

19. The Petitioner has submitted that some of the petitions were filed before the State Commissions prior to the full bench judgment of the Tribunal and post the judgement, the Petitioner has not filed any petition before the concerned State Commissions. The Petitioner has further submitted that the matter before the Hon'ble High Court is on the issue of jurisdiction qua the generators who were within the then undivided State of Andhra Pradesh and their status under the provisions of the Bifurcation Act for the State of Andhra Pradesh. The Petitioner has also submitted that the PPA dated 31.7.2012 which the Petitioner had with the distribution licensees of the undivided State of Andhra Pradesh expired on 15.6.2016 and presently, the Petitioner is supplying the entire share of power to the discoms of the new State of Andhra Pradesh pursuant to the extension of the PPA and no supply is being made to the State of Telengana.



20. We have examined the submissions. The Petitioner has entered into separate PPAs with the discoms of three States (TANGEDCO, discoms of the State of UP, discoms of the State of AP) for supply of power at different points in time and for different quantum. The tariff agreed to under the said PPAs have been adopted by respective State Electricity Regulatory Commissions (SERCs). Sub-section (b) of Section 79(1) of the Electricity Act, 2003 provides that Central Commission shall regulate the tariff of generating company, if such generating company enters into or otherwise have a composite scheme for generation and sale of electricity in more than one State. The issue of composite scheme was dealt with by the full bench of the Tribunal in the some of the appeals (Appeal Nos. 100/2013 and 98/2014 Appeal No. 44/2014 and Appeal No. 74/2014 and other related appeals) and by judgment dated 7.4.2016, the Tribunal upheld the jurisdiction of the Central Commission under section 79(1)(b) of the Act in case of Mundra Power Project of Adani Power Limited and GMR Kamalanga Power Plant of GMR Energy Limited, even though the PPAs for supply of power from these projects were approved and tariff adopted by the respective SERCs. The Hon'ble Supreme Court vide its judgment dated 11.4.2017 in the said Civil Appeals titled Energy Watchdog v CERC & ors (2017 (4) SCALE 580) has explained the composite scheme and jurisdiction of this Commission for regulating the tariff of the projects meeting the composite scheme as under:

“22. The scheme that emerges from these Sections is that whenever there is inter-State generation or supply of electricity, it is the Central Government that is involved, and whenever there is intra-State generation or supply of electricity, the State Government or the State Commission is involved. This is the precise scheme of the entire Act, including Sections 79 and 86. It will be seen that Section 79(1) itself in sub-sections (c), (d) and (e) speaks of inter-State transmission and inter-State operations. This is to be contrasted with Section 86 which deals with functions of the State Commission which uses the expression “within the State” in sub-clauses (a), (b), and (d), and “intra-state” in sub-clause(c). This being the case, it is clear that the PPA, which deals with generation and supply of electricity, will either have to be governed by the State Commission or the Central Commission. The State Commission’s jurisdiction is only where generation and supply takes place within the State. On



the other hand, the moment generation and sale takes place in more than one State, the Central Commission becomes the appropriate Commission under the Act. What is important to remember is that if we were to accept the argument on behalf of the appellant, and we were to hold in the Adani case that there is no composite scheme for generation and sale, as argued by the appellant, it would be clear that neither Commission would have jurisdiction, something which would lead to absurdity. Since generation and sale of electricity is in more than one State obviously Section 86 does not get attracted. This being the case, we are constrained to observe that the expression “composite scheme” does not mean anything more than a scheme for generation and sale of electricity in more than one State.”

21. In the light of the decision of the Hon’ble Supreme Court, this Commission has the jurisdiction to regulate the tariff of the Project of the Petitioner under Section 79 (1) (b) of the 2003 Act since it has the PPAs to supply electricity to the distribution companies in four States.

22. Another point which was raised during the hearing is that the PPAs are required to be approved by the respective SERCs, since the original PPAs were approved by the respective SERCs. In our view, once the composite scheme emerges after the commencement of supply from a generating station to more than one State, this Commission will have jurisdiction to regulate the tariff which will include the amendments to the PPAs to factor in the discount offered by the Petitioner in the tariff for the coal linkage under SHAKTI Scheme. After approval of the amendments to the PPAs, the concerned distribution companies may approach the respective SERCs for approval of the electricity purchase and procurement by the distribution companies under Section 86(1)(b) of the Act.

### **(B) Reliefs**

23. The Petitioner has sought approval of the amendments to the PPAs entered into between the Petitioner and the Respondent Nos. 1 to 8 for passing on the discount in tariff to the Procurers in terms of clause (B)(ii)(b) of the ‘SHAKTI scheme’ of the GOI dated 22.5.2017 and the LOIs issued by CIL. The relevant portions of Clause (B) of the



Policy guidelines for allocation of Coal linkages to Power Sector under 'SHAKTI scheme' are extracted under:

“(B) The following shall be considered under a New More Transparent Coal Allocation Policy for Power Sector, 2017-SHAKTI (Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India):

(i) CIL/SCCL may grant Coal linkages for Central Government and State Government Gencos at the notified price of CIL/SCCL. Similarly, coal linkages may be granted for JVs formed between or within CPSUs and State Govt/PSUs. The recommendations shall be made by Ministry of Power.

(ii) CIL/SCCL may grant coal linkages on notified price on auction basis for power producers/IPPs having already concluded long term PPAs (both under section 62 and section 63 of The Electricity Act, 2003) based on domestic coal. Power producers/IPPs, participating in auction will bid for discount on the tariff (in paise/unit). Bid Evaluation Criteria shall be the non-zero Levelled Value of the discount (applying a pre-notified discount rate) quoted by the bidders on the existing tariff for each year of the balance period of the PPA. Ministry of Coal may, in consultation with Ministry of Power, work out a methodology on normative basis to be used in the bidding process for allocation of coal linkages to IPPs with PPAs.

(a) The discount by generating companies would be adjusted from the gross amount of bill at the time of billing, i.e., the original bill shall be raised as per the terms and conditions of the PPA and the discount would be reduced from the gross amount of the bill. The discount shall be computed with reference to scheduled generation from linkage coal supplied under this auction. This would be applicable to both the PPAs contracted under Section 62 as well as Section 63 of the Electricity Act, 2003.

(b) Accordingly, PPA may be amended or supplemented mutually between the developer and the procurer to pass on the discount to the procurer and the approval of the Appropriate Commission obtained, as per the provisions of the PPA or Regulations.

(c) FSA shall be signed with the successful bidders after the terms and conditions for signing of FSA are met and the Appropriate Commission has approved the amendment or supplement to the PPA.

(iii) CIL/SCCL may grant future coal linkages on auction basis for power producers/IPP without PPAs that are either commissioned or to be commissioned. All such power producers/IPP may participate in this auction and bid for premium above the notified price of the coal company. The methodology for bidding of linkages shall be similar to the bidding methodology in the policy on auction of linkages of Non-Regulated Sector dated 15.02.2016. Coal drawal will be permitted only against valid long term and medium term PPA with Discoms/State Designated Agencies (SDAs), which the successful bidder shall be required to procure and submit within two years of completion of auction process...”

24. In accordance with the above scheme, the Petitioner, who had already concluded the long term PPAs based on domestic coal was eligible to participate in the bidding process. The grant of coal linkage on notified price from each source will



be based on the discount offered by the power producer on the existing tariff for the balance period of the PPA. The discount would be computed with reference to linkage coal supplied and received under the 'SHAKTI scheme'. Moreover, the discount offered by the generating companies would be adjusted from the gross amount of the monthly bill raised in terms of the PPA.

25. The details of the PPAs considered by Coal India Ltd (CIL) in the LOIs issued for the purpose of passing on the discount in terms of the 'SHAKTI scheme' are as under:

PPA Nos. as mentioned in LOI of SECL/ CEA letter	Discoms	Gross Quantum (MW)
PPA 1	UP Discom	1093
PPA 2	AP Discom	444
PPA 3	CSP Tradeco	45
PPA 4	TANGEDCO	546
<b>Total Capacity</b>		<b>2128</b>

26. Also, the quantum of coal allocation in the LOIs under the 'Shakti scheme' to the Petitioner as per CEA letter dated 11.1.2018 is extracted under:

CIL subsidiary	Source	As per LOI		Normalized quantity for G13 grade (Tons)
SECL	Others (Korba & Mand Raigarh)	G12	4500000	4897059
	Korea Rewa	G6	1200000	1941176
MCL	Ib (Ib Valley & Vasundhara)	G13	1100000	1100000
	Talcher	G13	20700	20700
<b>Total</b>			<b>6820700</b>	<b>7958935</b>

This works out to 79.90% of the 99610 MT of the coal quantity recommended by CEA”

27. In terms of the above, the Petitioner has entered into Supplementary Agreements with the Respondent Nos. 1 to 7 thereby amending the respective PPAs by insertion of Schedule 4A to provide for the methodology for adjustment of discount in the monthly bills to the Procurers. However, in case of Respondent No.8 (CSP Tradeco), the PPA has been amended by insertion of Schedule 6A to arrive at the



discount to be allowed from tariff. The details of the amended /supplementary PPAs are as under:

Procurer	Date of Original PPA	Date of Amended / Supplementary PPA
TANGEDCO (Respondent No.1)	27.11.2013	Addendum No.1 dated 11.1.2018
AP Discoms (Respondent Nos. 2 & 3)	31.7.2012/19.12.2014	23.1.2018
UP Discoms (Respondent Nos. 4 to 7)	26.2.2014	23.1.2018
CSP Tradeco (Respondent No.8)	18.10.2013	19.1.2018

28. Schedule 4A inserted vide addendum No.1 dated 11.1.2018 of the TANGEDCO PPA is as under:

**“Schedule 4A-Tariff Discount**

- I. The year on year ‘Tariff Discount Stream’ applicable for each of the allocated sources for the balance period of the PPA shall be indicated in the Annexure-I
- II. The gross amount of Monthly bill shall be as per the terms and conditions of the concluded PPA and the discount applicable for the respective year shall be reduced from the gross amount of each such monthly bill.
- III. For the actual application of the year on year discount, the first year of Year-I will be said to have commenced from the date of commencement of coal supply under the Fuel Supply Agreement entered into by KMPCL and the relevant fuel supplier as provided under the Shakti Policy. Any period remaining in the last year of the concluded PPA shall be considered to be one year for the purpose of calculating the relevant discount.
- IV. The amount to be passed on as discount to the Procurer shall be computed with reference to the power generation from the corresponding linkage coal supplied and received under the Shakti Auction. The same will be calculated for each source separately. The Monthly Energy Bill raised by the Seller on the Procurer will be as per the formula mentioned below:

$$\text{Monthly Energy Bill} = \text{EB}_{\text{PPA}} - \text{DA}_{\text{Total}}$$

Where:

$\text{EB}_{\text{PPA}}$  the amount specified in the Monthly Bill raised by Seller as per schedule 4 of the PPA, without applying the adjustment/ discount as provided for in Schedule 4A.

$\text{DA}_{\text{Total}}$  Total Discount Amount for all the sources from where linkage coal has been received under the SHAKTI Policy.  $\text{DA}_{\text{Total}}$  will be calculated as:

$$\text{DA}_{\text{Total}} = \text{DA}_{\text{Source 1}} + \text{DA}_{\text{Source 2}} + \dots + \text{DA}_{\text{Source N}}$$



DA <sub>Source 1</sub>	Discount Amount for linkage coal received from source 1 (MCL Ib Valley and Basundhara, State: Odisha) under the SHAKTI Policy
DA <sub>Source 2</sub>	Discount Amount for linkage coal received from source 2 (MCL Talcher, State: Odisha) under the SHAKTI Policy
DA <sub>Source 3</sub>	Discount Amount for linkage coal received from source 3 (SECL Korea Rewa, State: Chhattisgarh) under the SHAKTI Policy
DA <sub>Source 4</sub>	Discount Amount for linkage coal received from source 4 (SECL Others Kobra and MandRaigarh, State: Chhattisgarh) under the SHAKTI Policy

The discount amount for Source 1 and other sources from a month shall be calculated as per the formula mentioned below:

$$DA_{Source 1} = \{SE \times (\text{Generation}_{Source1} / \text{Total Scheduled Energy})\} \times TDS_{Source 1}$$

SE Scheduled Energy for the month for TANGEDCO from the Power Station

TDS<sub>Source 1</sub> is the discount offered by the Seller for Source 1 on year on year basis as per the “Tariff Discount Stream” applicable for the month.

Generation<sub>Source1</sub> is the ex-bus generation corresponding to the quantity of coal received at Power Station from Source 1 and will be calculated as:

$$\text{Generation}_{Source1} = \frac{Q_{ACT} \times GCV_{ACT} \times (1 - \text{Aux}\%)}{SHR_{GROSS}}$$

Where:

Q <sub>ACT</sub>	Quantity of coal received from Source 1 under the Shakti Policy FSA for the month in MT.
GCV <sub>ACT</sub>	GCV of coal received at the Power Plant under Shakti Policy FSA from Source 1 for the month in Kcal / Kg on as received basis
Aux%	As specified in the Central Electricity Regulatory Commission Terms and Conditions of Tariff Regulations as modified and amended from time to time).
SRH <sub>Gross</sub>	As specified in the Central Electricity Regulatory Commission Terms and Conditions of Tariff Regulations as modified and amended from time to time).

Total Scheduled Energy = Sum of Scheduled Energy from the Power station to all DISCOMs eligible under Shakti Policy for the month”

29. The formula provided in Schedule 4A of the Supplemental PPA dated 23.1.2018 of the AP Discoms PPA is as under:

“...The Monthly Energy Bill raised by the Seller on the Procurer will be as per the formula mentioned below:

$$\text{Monthly Energy Bill} = EB_{PPA} - DA_{Total}$$





Where:

$EB_{PPA}$	the amount specified in the Monthly Bill raised by Seller as per schedule 4 of the PPA, without applying the adjustment/ discount as provided for in Schedule 4A.
$DA_{Total}$	Total Discount Amount for all the sources from where linkage coal has been received under the SHAKTI Policy. $DA_{Total}$ will be calculated as: $DA_{Total} = DA_{Source\ 1} + DA_{Source\ 2} + \dots + DA_{Source\ N}$
$DA_{Source\ 1}$	Discount Amount for linkage coal received from source 1 (MCL Ib Valley and Basundhara, State: Odisha) under the SHAKTI Policy
$DA_{Source\ 2}$	Discount Amount for linkage coal received from source 2 (MCL Talcher, State: Odisha) under the SHAKTI Policy
$DA_{Source\ 3}$	Discount Amount for linkage coal received from source 3 (SECL Korea Rewa, State: Chhattisgarh) under the SHAKTI Policy
$DA_{Source\ 4}$	Discount Amount for linkage coal received from source 4 (SECL Others Kobra and MandRaigarh, State: Chhattisgarh) under the SHAKTI Policy

The discount amount for Source 1 and other sources from a month shall be calculated as per the formula mentioned below:

$$DA_{Source\ 1} = \{SE \times (\text{Generation}_{Source1} / \text{Total Scheduled Energy})\} \times TDS_{Source\ 1}$$

SE Scheduled Energy for the month to AP Discoms from the Power Station as per REA

$TDS_{Source\ 1}$  is the discount offered by the Seller for Source 1 on year on year basis as per the “Tariff Discount Stream” applicable for the month.

$\text{Generation}_{Source1}$  is the ex-bus generation corresponding to the quantity of coal received at Power Station from Source 1 and will be calculated as:

$$\text{Generation}_{Source1} = \frac{Q \times GCV \times (1 - \text{Aux}\%)}{SHR_{GROSS}}$$

Where:

Q	Quantity of coal received from Source 1 under the Shakti Policy FSA for the month in MT as per the invoice raised by coal source.
GCV	Average of GCV band of coal received under Shakti Policy FSA from Source 1 for the month in Kcal / Kg as per the invoice raised by coal source
Aux%	As specified in the Central Electricity Regulatory Commission Terms and Conditions of Tariff Regulations 2014 as modified and amended from time to time).
$SHR_{Gross}$	As specified in the Central Electricity Regulatory Commission Terms and Conditions of Tariff Regulations 2014 as modified and amended from time to time).

Total Scheduled Energy = Sum of Scheduled Energy from the Power station to all DISCOMS eligible as per REA under Shakti Policy for the month”



30. The formula provided in Schedule 4A of the Supplemental PPA dated 23.1.2018 of the **UP Discoms PPA** is as under:

“...The Monthly Energy Bill raised by the Seller on the Procurer will be as per the formula mentioned below:

$$\text{Monthly Energy Bill} = \text{EB}_{\text{PPA}} - \text{DA}_{\text{Total}}$$

Where:

$\text{EB}_{\text{PPA}}$  the amount specified in the Monthly Bill raised by Seller as per schedule 4 of the PPA, without applying the adjustment/ discount as provided for in Schedule 4A.

$\text{DA}_{\text{Total}}$  Total Discount Amount for all the sources from where linkage coal has been received under the SHAKTI Policy.  $\text{DA}_{\text{Total}}$  will be calculated as:

$$\text{DA}_{\text{Total}} = \text{DA}_{\text{Source 1}} + \text{DA}_{\text{Source 2}} + \dots + \text{DA}_{\text{Source N}}$$

$\text{DA}_{\text{Source 1}}$  Discount Amount for linkage coal received from source 1 (MCL Ib Valley and Basundhara, State: Odisha) under the SHAKTI Policy

$\text{DA}_{\text{Source 2}}$  Discount Amount for linkage coal received from source 2 (MCL Talcher, State: Odisha) under the SHAKTI Policy

$\text{DA}_{\text{Source 3}}$  Discount Amount for linkage coal received from source 3 (SECL Korea Rewa, State: Chhattisgarh) under the SHAKTI Policy

$\text{DA}_{\text{Source 4}}$  Discount Amount for linkage coal received from source 4 (SECL Others Kobra and MandRaigarh, State: Chhattisgarh) under the SHAKTI Policy

The discount amount for Source 1 and other sources from a month shall be calculated as per the formula mentioned below:

$$\text{DA}_{\text{Source 1}} = \{ \text{SE} \times (\text{Generation}_{\text{Source1}} / \text{Total Scheduled Energy}) \} \times \text{TDS}_{\text{Source 1}}$$

SE Scheduled Energy for the month for UP Discoms from the Power Station

$\text{TDS}_{\text{Source 1}}$  is the discount offered by the Seller for Source 1 on year on year basis as per the “**Tariff Discount Stream**” applicable for the month.

$\text{Generation}_{\text{Source1}}$  is the ex-bus generation corresponding to the quantity of coal received at Power Station from Source 1 and will be calculated as:

$$\text{Generation}_{\text{Source1}} = \frac{\text{Q}_{\text{ACT}} \times \text{GCV}_{\text{ACT}}}{\text{Net SHR}}$$

Where:

$\text{Q}_{\text{ACT}}$  Quantity of coal received from Source 1 under the Shakti Policy FSA for the month in MT.

$\text{GCV}_{\text{ACT}}$  GCV of coal received at the Power Plant under Shakti Policy FSA from Source 1 for the month in Kcal / Kg on as received basis

Net SHR As specified in RFP submission, format 4.6 B (i.e 2262.51 kcal/kWh)



Total Scheduled Energy = Sum of Scheduled Energy from the Power station to all DISCOMs eligible under Shakti Policy for the month”

The Petitioner by letter dated 22.1.2018 has informed the UP discoms that the SHR submitted in the bid is to be read as ‘Gross SHR’ and not ‘Net SHR’.

31. The formula provided in **Schedule 6A** of the Supplemental PPA dated 19.1.2018 of the **CSP Tradeco PPA** is as under:

“...The Monthly Energy Bill raised by the Seller on the Procurer will be as per the formula mentioned below:

**Net Energy Monthly Energy Bill payable to the seller =  $EB_{PPA} - DA_{Total}$**

Where:

$EB_{PPA}$  shall be the amount specified in the Monthly Bill raised by Seller as per the PPA, without applying the discount as provided for in Schedule 6A.

$DA_{Total}$  shall be the total Discount Amount for all the sources from where linkage coal has been received under the SHAKTI Policy.  $DA_{Total}$  will be calculated as:  
 $DA_{Total} = DA_{Source\ 1} + DA_{Source\ 2} + \dots + DA_{Source\ N}$

$DA_{Source\ 1}$  Discount Amount for linkage coal received from source 1 (MCL Ib Valley and Basundhara, State: Odisha) under the SHAKTI Policy

$DA_{Source\ 2}$  Discount Amount for linkage coal received from source 2 (MCL Talcher, State: Odisha) under the SHAKTI Policy

$DA_{Source\ 3}$  Discount Amount for linkage coal received from source 3 (SECL Korea Rewa, State: Chhattisgarh) under the SHAKTI Policy

$DA_{Source\ 4}$  Discount Amount for linkage coal received from source 4 (SECL Others Kobra and MandRaigarh, State: Chhattisgarh) under the SHAKTI Policy

The discount amount for Source 1 and other sources from a month shall be calculated as per the formula mentioned below:

$DA_{Source\ 1} = \{SE_{CSP\ Tradeco} \times (Generation_{Source1}/Total\ Scheduled\ Energy)\} \times TDS_{Source\ 1}$

Where

$DA_{Source\ 1}$  shall be the discount applicable on energy scheduled from using coal from Source-1

$SE_{CSP\ Tradeco}$ - shall be the Scheduled Energy for the month for CSP Tradeco from the Power Station (excluding supplies made alternate source)

$TDS_{Source\ 1}$  is the discount offered by the Seller for Source 1 on year on year basis as per the “Tariff Discount Stream” applicable for the month.

$Generation_{Source1}$  is the ex-bus generation corresponding to the quantity of coal received at Power Station from Source 1 and will be calculated as:



$$\text{Generation}_{\text{Source1}} = \frac{Q_{\text{ACT}} \times \text{GCV}_{\text{ACT}} \times (1 - \text{Aux}\%)}{\text{SHR}_{\text{GROSS}}}$$

Where:

$Q_{\text{ACT}}$	Quantity of coal received from Source 1 under the Shakti Policy FSA for the month in MT.
$\text{GCV}_{\text{ACT}}$	GCV of coal received at the Power Plant under Shakti Policy FSA from Source 1 for the month in Kcal / Kg on as received basis
Aux%	As specified in the Central Electricity Regulatory Commission Terms and Conditions of Tariff Regulations as modified and amended from time to time).
$\text{SHR}_{\text{Gross}}$	As specified in the Central Electricity Regulatory Commission Terms and Conditions of Tariff Regulations as modified and amended from time to time).

Total Scheduled Energy = Sum of Scheduled Energy from the Power station (excluding supplies made alternate source) to all DISCOMs eligible under Shakti Policy for the month”

32. Considering the fact that the amended/supplementary PPAs provides for the methodology for adjustment of the discount in the monthly bills to the Procurers in terms of the ‘SHAKTI scheme’, the amendments to the PPAs between the Petitioner and Respondents Nos. 1 to 8 as stated above are approved. Issues, if any, arising out of such adjustment shall be mutually settled by the parties.

33. Petition No. 21/MP/2018 is disposed of in terms of the above.

**Sd/-**  
**(Dr. M.K.Iyer)**  
Member

**Sd/-**  
**(A. S. Bakshi)**  
Member

**Sd/-**  
**(A. K. Singhal)**  
Member

**Sd/-**  
**(P. K. Pujari)**  
Chairperson

