

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 273/MP/2018

Coram:

Shri P.K.Pujari, Chairperson

Dr. M.K. Iyer, Member

Date of Order: 18th September, 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,
Anna Salai, Chennai - 600002

....Respondent

Parties present:

Anand K. Ganesan, Advocate, KSK Mahanadi Ltd
Shri S.Vallinayagam, Advocate, TANGEDCO

ORDER

The Petitioner has filed this Petition with the following prayer:

“(a) Approve the Addendum No.2 dated 28/6/2018 to the PPA between the Petitioner and Respondent as provided in para 15 above; and

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

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. Petition No. 21/MP/2018 was filed by the Petitioner seeking approval of the amendments to the PPAs entered into between the Petitioner and the UP Discoms, AP discoms, CSP Tradeco and the Respondent, TANGEDCO 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. In terms of the above, the Petitioner had entered into Supplementary Agreements with the said discoms, 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. The details of the amended /supplementary PPAs are as under:

Procurer	Date of Original PPA	Date of Amended / Supplementary PPA
TANGEDCO	27.11.2013	Addendum No.1 dated 11.1.2018
AP Discoms	31.7.2012/19.12.2014	23.1.2018
UP Discoms	26.2.2014	23.1.2018
CSP Tradeco	18.10.2013	19.1.2018

4. Accordingly, the Commission vide order dated 21.2.2018 approved the amendments to the PPAs between the Petitioner and the aforesaid discoms, including PPA of the Respondent, TANGEDCO and disposed of Petition No. 21/MP/2018. The



formula for passing on the discount in Schedule 4A of the Addendum No.1 dated 11.1.2018 of TANGEDCO PPA approved by order dated 21.2.2018 was 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:

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

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



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

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

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

Where:

Q_{ACT}	Quantity of coal received from Source 1 under the Shakti Policy FSA for the month in MT.
GCV_{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).
SHR_{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 to all DISCOMs eligible under Shakti Policy for the month”

5. The Petitioner in this Petition has submitted that the Respondent TANGEDCO has requested for amending the addendum No.1 dated 11.1.2018 in Schedule 4A of the TANGEDCO PPA dated 27.11.2013 with regard to definition of GCV and to bring it in line with the definition of GCV used in the PPAs between the Petitioner and other discoms, namely, the UP discoms and the AP discoms, on the ground that the same is beneficial to the Respondent. The Petitioner has agreed to the same.

6. In terms of the above, the Petitioner has submitted that the PPA between the Petitioner and Respondent TANGEDCO has been amended on 28.6.2018 vide Addendum No.2 incorporating the following change:



Definition of GCV as per Addendum No. 1	Revised to
<p>Generation $_{Source\ 1} = Q_{ACT} \times GCV_{ACT} \times (1 - Aux\%)$</p> <p>SHR_{GROSS}</p> <p>Where:</p> <p>GCV_{ACT} = Average of the GCV band of coal received at the Power plant under Shakti policy FSA from Source 1 for the month in Kcal/ Kg on as received basis</p>	<p>Generation $_{Source\ 1} = Q_{ACT} \times GCV_{ACT} \times (1 - Aux\%)$</p> <p>SHR_{GROSS}</p> <p>Where:</p> <p>GCV_{ACT} = Average of the GCV band of coal received under Shakti policy FSA from Source for the month in Kcal/ Kg as per the invoice raised by coal source</p>

7. During the hearing of the Petition on 13.9.2018, the learned counsel for the Petitioner prayed that the Addendum No.2 dated 28.6.2018 to the TANGEDCO PPA dated 27.11.2013 enclosed as Annexure-D to the Petition may be approved. The learned counsel for the Respondent, TANGEDCO agreed to the same.

8. In view of the above, the Addendum No.2 dated 28.6.2018 to the TANGEDCO PPA dated 27.11.2013 is approved in terms of Article 15.3.1 of the PPA read with clause B (ii) (b) of the Shakti scheme.

9. Petition No. 273/MP/2018 is disposed of in terms of the above.

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

Sd/-
(P. K. Pujari)
Chairperson

