

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 245/MP/2012

- Subject : Petition under section 79 (1) (c) of the Electricity Act, 2003 read with part 7 of the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010.
- Date of Hearing : 17.1.2013
- Coram : Dr. Pramod Deo, Chairperson
Shri S.Jayaraman, Member
Shri V.S.Verma, Member
Shri M.Deena Dayalan, Member
- Petitioner : Essar Steel India Limited
- Respondents : POSOCO, Western Regional Load Despatch Centre, Gujarat State Load Despatch Centre, PGCIL
- Parties present : Shri Amit Kapur, Advocate for the petitioner
Shri Apoorva Mishra, Advocate for petitioner
Shri Gautam Shohi, Advocate for petitioner
Shri M.R. Ramchandran, Advocate, GETCO
Shri S.B.Upadhaya, Senior Advocate, POSOCO
Shri S.R. Narasimhan, POSOCO
Shri P. Pentayya, POSOCO
Shri S.S. Barpanda, NLDC
Shri Venu Birappa, GETCO, SLDC
Shri S.C. Saxena, POSOCO

Record of Proceedings

Learned Counsel for the petitioner submitted that the petition raised an institutional issue which had not been envisaged and specifically provided for but could be dealt with in accordance with the Grid Code. Ld. Counsel submitted that the petitioner is a steel manufacturing company having an expansion plan of 10 MT after 2012 for which the power requirement range from 850 MW to 1050 MW per annum. The plant is purchasing power from Essar Power (M.P) for which PPA has been entered for 750 MW and LTA has been granted and connectivity has been granted with the condition that the petitioner shall be connected to ISTS in the radial mode and get disconnected from the system of Gujarat.

2. Learned Counsel for the petitioner submitted that the petitioner vide its letter dated 12.10.2012 approached WRLDC to transfer the load control area jurisdiction of ESIL from SLDC, Gujarat to WRLDC, Mumbai. Ld. Counsel submitted that since load of ESIL is greater than some of the regional entities such as Goa, the petitioner should be recognized as a regional entity for the purpose of availing open access. Further, the petitioner should be designated as an ISTS customer to be considered as a direct UI pool member of Western Region as the petitioner qualifies as a user and a bulk consumer under the Grid Code. Ld. counsel submitted that WRLDC in its response dated 18.10.2012 replied that there is no provision in the Grid Code which provides for transfer of load centre from SLDC to RLDC and further clarified that if the petitioner draws power from EPML through the LTOA granted, WRLDC would schedule its power through Gujarat treating it as an embedded entity of Gujarat. Ld. Counsel submitted that WRLDC also replied that since it involved interpretation of the regulations, the petitioner should approach the Commission. Ld. Counsel submitted that accordingly, the petitioner has approached the Commission with the following prayers:

- (a) Allow the present petition and direct WRLDC to transfer the load control area jurisdiction of ESIL from SLDC, Gujarat to WRLDC, Mumbai;
- (b) Grant ESIL the status of a regional entity under the Grid Code for the purpose of scheduling of power and unscheduled interchange accounting; and
- (c) Lay down guidelines for addressing such situation in future.

3. Learned Counsel for the petitioner referring to the definition of the terms “bulk consumers”, “control area”, regional entity” and “user” in the Grid Code submitted that the petitioner qualifies all parameters to be designated as a user, a bulk consumer and a regional entity and falls within the control area of RLDC being directly connected to ISTS and its scheduling and metering are necessarily to be done by RLDC. Ld. Counsel referred to Regulation 6.4.1 and 6.4.2 of the Grid Code regarding control area jurisdiction and submitted that since it is connected only to ISTS, it will fall within the control area of RLDC. In reply to the query of the Commission that the provisions of Regulation 6.4.2 refers to the control area over generation, Ld. Counsel pointed out that the words used are “generation and/or load” and therefore, load is also the determining factor of jurisdiction. Ld. Counsel further submitted that if for some reason, there is doubt about the jurisdiction of RLDC over the petitioner, then in that case, the Commission has the power under Regulation 6.4.3 to make exception to Regulation 6.4.2 and treat the petitioner as a regional entity. Ld. Counsel submitted that the petitioner is praying for a relief which would fill up the void in the Grid Code.

4. Learned Counsel for the petitioner referring to the objections of WRLDC submitted as under:

(a) ESIL fulfills being criteria for being a part of the control area as defined under Regulation 2 (r) of the Grid Code, which refers to an entity having "generation and/or load" which can contribute to "frequency regulations". As per the definition control area can comprise either an having generation or load and is not necessary to said to have both generation and load.

(b) A bulk consumer can come under control area jurisdiction of RLDC on account of provision of Section 28 (3) (a) of the Act as it is required to do the scheduling and despatch in accordance with the contract with the licensees or generating companies. The petitioner has entered into contract with Essar Power (Madhya Pradesh) Limited for supply of power and therefore, it comes under jurisdiction of RLDC.

(c) Section 79 (1) (c) confers power on the Commission to regulate inter-State transmission of electricity. Moreover, Regulation 6.3 (3) of the Grid Code empowers the Commission to relax the provisions of the regulations to remove hardship to the petitioner.

(d) Power system of ESIL will be connected to CTU, it is illogical to expect coordination and load flow by the State Load Dispatch Centre.

5. Learned counsel for GETCO submitted that the after the bus-bar is disconnected, the petitioner's EHV connection will be totally isolated from GETCO grid. The supply of power by Essar Power Limited to GUVNL will be treated as per the provisions of the PPA or as specified by GUVNL/DGVCL. He further submitted that before shifting connectivity from GETCO to the ISTS, Essar Steel Limited, Essar Power Limited and Bhandar Power Limited would be required to clear all the outstanding dues including the settlement of UI charges under intra State ABT with GETCO and bring a no dues certificate from GETCO in this regard. The said companies shall not raise any issues or claims regarding the payment already made by them to GETCO in future. Learned counsel submitted that Essar Steel will, after shifting connectivity from SLDC, Gujarat to WRLDC, cease to be an embedded customer in the State of Gujarat for all intents and purposes. As per petition, the control area jurisdiction of Essar Steel shall completely vest in WRLDC (POSOCO) and it will be treated as a regional entity independent of the State of Gujarat i.e. like any other State entity for all purposes including scheduling, dispatch UI mechanism, high frequency, low frequency aspects, energy accounting, backing down instruction and other connected matters. The petitioner will have to take necessary approval from SLDC, Gujarat and Gujarat Discoms and same shall be without prejudice to the rights and contention of GETCO in various matters pending in different forums.

6. Learned senior counsel for POSOCO submitted that in terms of Section 28 (3) (a) of the Electricity Act, 2003, RLDCs are responsible for optimum scheduling and dispatch of electricity within the region, in accordance with contracts entered into with the licensees or generating companies operating in the region. A bulk consumer is

neither a licensee nor a generating company and scheduling of a consumer directly by RLDC is not envisaged in the Act. The petitioner is seeking exception under Regulation 6.4.3 of the Grid Code, which implies that the petitioner is admitting that it is not covered under existing provisions of the Grid Code.

7. Learned senior counsel further submitted that the petitioner is a bulk consumer as well as a user as per definition in the Grid Code. However, it is not a regional entity since it is not within control area jurisdiction of the RLDC. The metering and energy accounting is not done at regional level. He further submitted that it is possible for a bulk consumer connected only with ISTS to remain the State jurisdiction as any change with ISTS, can be treated as state interchange. Learned senior counsel further submitted that the control area under Grid Code has to contribute frequency regulation of the synchronously operating system, which will be difficult for a bulk consumer to do so. If the petitioner is made a regional entity, in case of variation in load, the bulk consumer may have to draw power under UI. Since load of the petitioner is of fluctuating nature, the petitioner may not be able to adhere to its schedule. The situation will get aggravated if generating unit from which power is drawn by the petitioner trips and schedule is revised as per Regulation 6.5.19 of the Grid Code.

8. In response to the query of the Commission as to how the petitioner can be regulated by SLDC when the petitioner is directly connected to the CTU network, the representative of POSOCO clarified that jurisdiction and connectivity are different.

9. The CEO, POSOCO submitted that there should be clarity on the issue raised in the present petition so that RLDCs do not face the similar problems as in the case of control area jurisdiction over Adani Power Limited, dedicated transmission lines and scheduling of BBMB etc. He further submitted that issue of control area was taken up by PGCIL in its letter dated 8.4.2008 to the Commission clearly spelling out the issues that are likely to be encountered and in para 15 of the order dated 7.5.2008 in Petition No.58/2008, the Commission has decided certain issues and left the other issues to be decided later. There is a vacuum regarding the connectivity of bulk consumers to the ISTS which has been flagged by the WRLDC and is presently under consideration of the Commission. He further submitted that certain issues are required to be considered by the Commission. Firstly, who is the provider of the last resort? If the machine trips, a steel plant connected to ISTS would suddenly reduce its demand by 500 MW. It is not possible to comprehend how the situation can be handled. Secondly, dis-connecting the petitioner from 220 kV and to keep it connected to 400 kV site may create problem if the load is shifted between the two and it has to be considered whether it will tantamount to gaming. Thirdly, CTU while giving the connectivity to the petitioner has categorically stated that it will be connected through the system of Gujarat SLDC and MP SLDC. If POSOCO agrees to the request of the petitioner, it will open the floodgate for hundreds of consumers to seek connectivity with ISTS and grid operation will be difficult.

10. The affidavit of WRLDC does not mention the technical difficulties but only focuses on the legal issues pertaining to control area jurisdiction. Nothing prevented WRLDC to bring the technical difficulties to the notice of the Commission.

11. Learned counsel for GETCO submitted that the petitioner cannot be treated as the embedded customer of SLDC when it is not connected to the State system.

12. The Commission directed CEA and CTU to file their views on the matter by 25.2.2013 with copy to the petitioner and POSOCO.

13. Subject to the above, order in the petition was reserved.

By order of the Commission

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(T. Rout)
Jt. Chief (Law)