

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 171/MP/2015

Subject : Petition under Section 79 (1) (b) and (c) read with Regulations 4, 5 and 54 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

Date of hearing : 7.7.2015

Coram : Shri Gireesh B. Pradhan, Chairperson
Shri A.K. Singhal, Member
Shri A.S. Bakshi, Member

Petitioner : Lanco Kondapalli Power Limited (LKPL)

Respondent : Power System Operation Corporation Limited

Parties present : Shri Jayant Bhushan, Senior Advocate, LKPL
Shri Manu Seshadiri, Advocate, LKPL
Shri P.S. Naido, Advocate, LKPL
Shri V. Suresh, SRLDC

Record of Proceedings

Learned senior counsel of the petitioner submitted as under:

(a) The petitioner has set up a gas based combined cycle power project comprising of two units of 371 MW (hereinafter referred to as Lanco Kondalli Expansion Stage-III)

(b) The units of Lanco Kondapalli Expansion Stage-III were tested their full load on 8/9.5.2015 and were commissioned on 18.5.2015. On 30.5.2015, the technical information regarding testing and commissioning of the units was sent to the Central Electricity Authority.

(c) Ministry of Power notified a scheme for utilization of gas based power generation capacity for the years 2015-16 and 2016-17. Lanco Kondapalli Extension CCP and Lanco Kondapalli Expansion Stage-III were considered by Ministry of Power as eligible stranded plants under the scheme for utilization of stranded gas based power generation capacity and were treated as a single unit to participate in the e-bid RLNG.

(d) On 1.6.2015, the petitioner entered into a PSDF Support Agreement and is eligible for getting 35% PSDF support at the Specified End Use Plants.

(e) The Lanco Kondapalli Expansion Stage-III was allowed to bid even if it had not achieved COD and was declared as successful bidder. Accordingly, an agreement was entered with GAIL for supply of R-LNG. On 26.5.2015 and 12.6.2015, the petitioner entered into the PPAs with the distribution companies of Telengana (supplying power from Lanco Kodapalli Extension Plant) and Kerala States (w.e.f 1.8.2015) respectively.

(f) Due to non-availability of gas, the petitioner is unable to carry out trial run/operation at the Maximum Continuous Rating (MCR) for continuous period of 72 hours before declaring COD of the Stage-III in terms of Regulations 4 and 5 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (2014 Tariff Regulations).

(g) The gas to be supplied through e- bid RLNG is to be used for supplying electricity to the distribution companies and use of such gas for trial run is tantamount to violation of the terms of PSDF Support Agreement.

(h) It is not possible for the petitioner to source the gas from other source as the generating station is on east coast where there is no LNG terminal and the capacity of gas pipeline is only to the tune of 2.5 mmcmd after swapping of gas with the Fertiliser units.

(i) After use of gas in Stage-II, only 0.35 mmcmd gas is available from GSPC which is not sufficient for operating the plant for a continuous period of 72 hours at MCR to achieve COD. The pipeline can store gas upto 5 days which is sufficient for running the Stage-III units on full load for 12 to 24 hours.

(j) Learned senior counsel for the petitioner requested the Commission to grant exemption to the petitioner from the requirement stipulated in Regulations 4 and 5 of the 2014 Tariff Regulations in exercise of powers conferred under Regulation 54 of the 2014 Tariff Regulations.

2. The representative of SRLDC submitted that trial operation at MCR for 72 hours is required for ensuring reliable operation of the grid. He further submitted that if exemption from achieving COD is granted in this case, then it would create a precedent for subsequent cases in similar circumstances.

3. After hearing the learned senior counsel for the petitioner and representative of SRLDC, the Commission directed the petitioner to file on affidavit, by 22.7.2015, the following information/clarifications:

(a) A categorical statement on affidavit that additional gas is not available in the market for the quantity required to carry out trial run/operation at the MCR for a continuous period of 72 hours.

(b) Details of efforts made for sourcing gas from alternate sources or swapping of gas.

(c) Details along with documents to the effect that the petitioner has taken up its requirement of additional gas with Government of India and GAIL/RIL/and other RLNG supplier such as Patronet, IOC, BPCL and GSPC, etc. for testing and trial operation for 72 hrs for declaration of COD and the decision of GOI thereon.

(c) As per 2014 Tariff Regulations, trial run for 72 hours at MCR is a pre-requirement before declaring the COD of the unit. In this regard, reasons for approaching the Commission after 1½ months from the date of commissioning of units on 18.5.2015.

(d) Reasons for not arranging gas/RLNG for trial operation during the period since commissioning of units to 30.5.2015.

4. The Commission directed CEA to submit, by 22.7.2015, reply to the petition and a categorical statement as to whether the gas is not available or cannot be transported to the plant (confirmation to the fact from RIL/GAIL//GSPC in the market for carrying out the trial operation for 72 hours.

5. The Commission directed CEA and POSOCO to depute officers well acquainted with the facts of the case on the next date of hearing to assist the Commission.

6. The petition shall be listed for hearing on 4.8.2015.

By order of the Commission

**Sd/-
(T. Rout)
Chief (Law)**