

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

**Petition No. 267/MP/2017
Alongwith I.A. No. 2/2018**

Subject : Petition under Section 79 of the Electricity Act, 2003 read with Part.7, Clause.4 of the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010 in regard to difficulties faced in implementation of the Detailed Operating Procedure for taking unit(s) under Reserve Shutdown and Mechanism for Compensation for Degradation of Heat Rate, Auxiliary Energy Consumption and Secondary Fuel Consumption due to Part Load Operation and Multiple start/stop of units dated 05.05.2017 notified by this Hon'ble Commission pursuant to the Central Electricity Regulatory Commission (Indian Electricity Grid Code) (Fourth Amendment) Regulations, 2016.

Date of hearing : 18.9.2018

Coram : Shri P.K. Pujari, Chairperson
Dr. M.K. Iyer, Member

Petitioner : TANGEDCO

Respondents : NLC India Limited (NLCIL) and Others

Parties present : Shri S. Vallinayagam, Advocate, TANGEDCO
Ms. K.S. Indrakumari, TANGEDCO
Shri M.G. Ramachandran, Advocate, NLC India
Ms. Ranjitha Ramachandran, Advocate, NLC India
Ms. Anushree Bardhan, Advocate, NLC India

Record of Proceedings

At the outset, learned counsel for the Petitioner submitted that the present Petition has been filed *inter-alia* for revision of the payment of compensation mechanism under Regulation 54 "Power to Relax" and Regulation 55 "Power to Remove Difficulty" of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014. Learned counsel further submitted as under:

(a) The Petitioner is facing practical difficulties due to the implementation of the Detailed Operating Procedure dated 5.5.2017 wherein the Commission has approved the mechanism for compensation for degradation of Heat Rate, Auxiliary consumption and Secondary fuel consumption due to part load operation and multiple start/ stop operation of the units w.e.f. 15.5.2017.

(b) Under the 4th amendment of the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010, the Commission specifically observes the various factors affecting the generating station when they require to operate below 65% of their MCR. The Commission takes note of the incidence of renewable energy source and the effect of such renewable energy injection and

merit order dispatch of State Electricity Regulatory Commissions implemented by the concerned SLDC.

(c) The Petitioner is fully accommodating the energy produced from the renewable energy resources, far beyond the Renewable Purchase Obligation, approximately 40% to 60% of the demand during optimum wind season and bearing the financial impact due to backing down of its own thermal stations. Eventhough, there is no drawal, during a specified time period due to specific grid conditions, the capacity charges are billed and collected from the beneficiaries for the quantum of share allocated to the beneficiary from the respective Central Generating Stations (CGS).

(d) The Petitioner being a distribution licensee cannot be penalized for backing down of CGS, which otherwise provide RTC committed power and absolve it from all demand side management issues, without fixing any accountability on the renewable energy generators under the relevant regulations.

(e) Detailed Operating Procedure did not take into account any of the issues faced by the Petitioner as a consequence of unregulated injection of unscheduled renewable energy by renewable energy generators. Therefore, the present compensation mechanism needs to be considered as a serious issue as it effects the tariff determined by the Commission under the Tariff Regulations based on the principles laid down in Section 61 of the Electricity Act, 2003.

(f) In terms of the Detailed Operating Procedure, RPCs are required to provide feedback, after consultation with stakeholders on the compensation mechanism within six months of the notification. However, despite certain communications made to SRPC for the review of compensation mechanism, SRPC did not consider the same.

2. Learned counsel for NLC India submitted that the Petitioner is not discharging its payment obligation as per the PPA entered into between the Petitioner and NLC India.

3. Learned counsel for NLC India submitted that the Petitioner has filed IA No.2/2018 for seeking interim stay of the operation of the Detailed Operating Procedure notified by the Commission on 5.5.2017. Since, the Petitioner has paid the amount to NLC India, IA has become infructuous. Learned counsel for the Petitioner confirmed the same. Taking note of the submissions of the learned counsels for the Petitioner and NLC India, the Commission disposed of the IA No.2/2018.

4. After hearing the learned counsels for the Petitioner and NLC India, the Commission reserved order in the petition.

By order of the Commission

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