

CENTRAL ELECTRICITY REGULATORY COMMISSION

(LAW DIVISION)

RECORD OF PROCEEDINGS

Petition No.33/2008

Permission for access to inter-State transmission mechanism for injecting electricity from wind power projects on deviation (un-scheduled interchange) basis without scheduling requirement

Date of Hearing : 26.6.2008

Petitioner : Gujarat Flurochemicals Ltd (GFL)

Respondents :

1. Northern Regional Power Committee
2. Northern Regional Load Despatch Centre
3. Rajasthan Rajya Vidyut Prasaran Nigam Ltd., Jaipur
4. Jaipur Vidyut Vitaran Nigam Ltd., Jaipur
5. Jodhpur Vidyut Vitaran Nigam Ltd., Jodhpur
6. Ajmer Vidyut Vitaran Nigam Ltd., Ajmer

Coram : Shri Bhanu Bhushan, Member and
Shri R. Krishnamoorthy, Member

Parties present:

1. Shri Sitiesh Mukherjee, Advocate, GFL
2. Shri Hemant Sahai, Advocate, GFL
3. Avinash Mirajkar, GFL
4. Shri Vishal Anand, GFL
5. Shri V.K. Gupta, RRVPNL
6. Shri B.K. Makhija, RRVPNL
7. Shri S.K. Soonee, NRLDC
8. Shri P.R. Raghuram, NRLDC
9. Shri J.K. Sharma, AVVNL
10. Shri N.K. Ojha, JdVVNL

The petitioner is setting up wind power projects with total capacity of 31.5 MW in Jaisalmer and Jodhpur Districts of Rajasthan.

2. The following substantive prayers have been made in the petition filed on 12.3.2008:

(a) To allow wind power projects to inject power generated by them into the regional grid on the basis of deviation (UI) while exempting such projects from scheduling requirements under inter-State ABT;

(b) To frame necessary guidelines for facilitating/enabling evacuation of power from infirm renewable energy sources;

(c) To allow the petitioner, as an interim relief, to inject the power to be generated from its upcoming projects in Rajasthan, with a total capacity of 31.5 MW and due to be commissioned in March 2008 through the UI mechanism and to be paid for the electricity injected by Northern Regional Load Despatch Centre (NRLDC) through the UI settlement mechanism as soon as the projects are commissioned and to issue directives to concerned agencies accordingly.

3. Commencing his arguments, learned counsel for the petitioner stated that the option to inject electricity generated through renewable sources as UI in the regional pool has already been proposed as per Mode-6 in the Discussion Paper on promotion of co-generation and renewable sources of energy issued by the Commission. He requested that generation facility of the petitioner could be used to demonstrate viability of Mode-6 as a test case. He further stated that subject to final decision of the Commission, based on comments of stakeholders, on the Discussion Paper, the petitioner was willing to take risk of injecting its generation as UI. The counsel stated that for such injection, he would not claim any equity or go to any court of law for settlement of consequential issues during the test period.

4. Appearing on behalf of respondent No 3, Shri VK Gupta stated that the request of the petitioner to inject electricity as UI on experimental basis was a new prayer and, therefore, outside the scope of the petition, since, according to him, the main prayer was for framing guidelines for promoting renewable energy sources which required notice to all stakeholders in the country and hearing them before taking the final decision. In response, the learned counsel for the petitioner drew attention towards

prayer (c) to the effect that as an interim measure the petitioner had sought to inject power as UI. He stated that his request made at the hearing for injection as a test case was within the purview of the petition.

5. Shri V.K. Gupta urged that the proposal for injection of power by the petitioner as UI was not feasible without an agreement for wheeling/transmission and agreement for treatment of power consumed by the wind generation facility when it was not operational. He further argued that unscheduled interchange could take place only if there was a schedule, whereas in the case of wind generation, no schedule could be prepared because of very uncertain nature of generation.

6. In response to a query, Shri Gupta stated that RERC had issued order specifying tariff for purchase from wind energy generating facilities. Shri Mirajkar of GFL informed that the tariff approved by the State Commission was Rs.3.48 per unit for the base year. In response to a query of the Commission, the learned counsel for the petitioner stated that the tariff fixed by RERC was not remunerative enough. Shri Gupta responded by saying that the petitioner could agitate tariff related issues before RERC and not before this Commission.

7. It was clarified that physical flow over the network of STU was not relevant. Once special energy metering was in place, and NRLDC accounted for the injection in the regional pool as UI, this power became part of the regional pool and the issue of jurisdiction did not arise. Shri Gupta reiterated that agreement for wheeling/transmission of power and treatment of start up power had to be in place. The learned counsel for the petitioner responded that the petitioner was willing to settle drawal of power at UI rate. The learned counsel also expressed willingness to pay wheeling charges as proposed in the discussion paper.

8. Shri Soonee, appearing for respondent No 2, drew the Commission's attention to the submissions of NRLDC, already on record. According to him, while renewable sources must be supported, issues of jurisdiction of SERC and control of SLDC/STU needed to be sorted out first. He stated that injection as UI in the regional pool was possible only with the support of the State entities. He drew attention of the

Commission towards its earlier order in Petition No.58/2008 regarding control area demarcation, according to which, generating stations of 1000 MW and above were coming under the domain of RLDCs. Responding to this, the Commission clarified that order in Petition No.58/2008 was mainly about the scheduling responsibility and in this case, since there was no scheduling requirement, NRLDC, in its submissions, should focus on technical issue only, if any. Shri Soonee replied that as a test case for small quantum of injection, there should not be any problem. He further stated that it appeared that the petitioner was not satisfied with the tariff order of SERC and lack of cooperation from STU and, therefore, sought an alternative mode to inject as UI in regional pool. According to him, this was not a healthy situation.

9. The Commission emphasized that State entity's cooperation was essential and for this purpose an agreement between the petitioner and the State entity was preferred. The learned counsel for the petitioner expressed apprehension that negotiating such agreement could take a long time. The need to have standard agreement was emphasized so that repeated negotiations could be obviated.

10. According to Shri Soonee, the prime motive for this petition appeared to be perceived commercial benefit in injecting at UI rate as compared to tariff fixed by RERC and if so, contract for differences may be a better option to resolve the issue. He also expressed a view that under the prevailing conditions UI could be perceived to be a better option but subsequently the petitioner may like to opt out of this arrangement, but such frequent switching should not be encouraged. He also demanded that the petitioner should indemnify RLDC, which does not have complete information about the agreement and contracts entered into by the petitioner. He further stated that if UI injection was allowed, the payment from UI pool to the petitioner would not be on first charge basis as requested by the petitioner in the petition. He also cautioned the petitioner about risk of late payment from UI pool due to non-payment by others. Shri Gupta stated that once the petitioner decided to sell outside the State, there was no going back. The Commission expressed that since it was practically impossible for the petitioner to influence UI rate, the impression that it could resort to gaming to earn extra through UI might not be correct. The learned counsel for the petitioner responded that for the present, the petitioner's prayer is confined to permission for injecting power in UI mode as a test case to demonstrate

efficacy of Mode-6 outlined in the Commission's discussion paper. On the issue of payment from UI pool on first charge basis, he stated that this was not an issue and would not be insisted upon.

11. The Commission after due deliberation has decided to keep the matter pending till such time a definite view on the issues raised in the Discussion Paper already circulated is formalized.

Sd/-

(K.S. Dhingra)
Chief (Law)