



Delhi Electricity Regulatory Commission
Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi – 17

No. F. 11(1598)/DERC/2018-19/6201

Petition No. 34/2018

In the matter of: **Petition pursuant to the Order dated 21.05.2018 passed by the Hon'ble Supreme Court of India in Civil Appeal no. 7362 of 2016 u/s 86(1) (a) and (b) of the Electricity Act, 2003 read with Regulation 7 and 57 of the DERC (Conduct of Business) Regulations, 2001.**

Tata Power Delhi Distribution Ltd.
Through its **Managing Director**
Grid Sub Station Building
Hudson Lines, Kingsway Camp,
Delhi 110 009

....**Petitioner**

Coram: Sh. B. P. Singh, Member

Appearance:

1. Mr. Gopal Jain, Sr. Advocate, TPDDL
2. Mr. Rahul Kinra, Advocate, TPDDL
3. Ms. Prashanti P, Advocate, TPDDL
4. Mr. Anurag Bansal, TPDDL
5. Mr. Bharat Bhadawat, TPDDL
6. Mr. Varun Sharma, TPDDL
7. Mr. Sumit Sachdev, TPDDL
8. Mr. Uttam Kumar, TPDDL
9. Ms. Aditi Sanghi, TPDDL

ORDER

(Date of Hearing: 29.06.2018)

(Date of Order: 04.07.2018)

1. M/s Tata Power Delhi Distribution Limited (TPDDL) has submitted the present petition pursuant to the liberty granted by the Hon'ble Supreme Court of India by the Order dated 21.05.2018 passed in the IA No. 62763 of 2018 while disposing of the Civil Appeal No. 7362 of 2016, directing as under:

“Considering the assertions made in the applications, the applicants are permitted to withdraw the Civil Appeal No. 7362 of 2016 and Civil Appeal Nos. 11106-11107/2016, with liberty to pursue the matter before the Delhi Electricity Regulatory Commission. We make it clear that we are not expressing any opinion on the merits of the controversy and all questions are left open.”

2. **SUBMISSIONS BY THE PETITIONER**

- i. The Petitioner has submitted that it entered into a supplementary PPA dated 22.03.2012 with NTPC. Vide the Supplementary PPA, the term of procurement from the gas based stations of NTPC and from the other stations contained in Clause 13.1 (A) of the PPA dated 08.05.2008 was increased beyond their respective expiry dates to the end of useful life of the respective expiry dated to the end of useful life of the respective station considered in the tariff orders or Regulations issued by CERC or GoI allocations whichever is later. The supplementary agreement was also on the same terms and conditions as the PPA originally entered into between the Petitioner and NTPC.
- ii. On 12.06.2015, the Hon'ble Commission has disallowed the power purchase adjustment costs towards Anta, Auraiya and Dadri plants of NTPC. The same was challenged before the Hon'ble Appellate Tribunal for Electricity (APTEL) in Appeal No. 186 of 2015. The Hon'ble APTEL by judgment dated 01.06.2016 had dismissed the said Appeal. Thereafter, the Petitioner filed the Civil Appeal No. 7326 of 2016 against the said judgment under Section 125 of the Electricity Act, 2003 before the Hon'ble Supreme Court.
- iii. On 29.09.2015, this Commission passed Tariff Order for the Petitioner *inter alia* disallowing the power purchase costs from Anta, Auraiya and Dadri gas based plants of NTPC both for past (after 31.03.2012) and future periods. The issue regarding the past period has been challenged before the Hon'ble APTEL in Appeal No. 301 of 2015, which is still pending adjudication.
- iv. On 31.08.2017, the Hon'ble Commission passed Tariff Order for the Petitioner for FY 2017-18, whereby it had again disallowed the power procured by the Petitioner from Anta, Auriya and Dadri plants. The Petitioner by DFR No. 4256 of 2017 has again challenged the issue of power purchase costs for the said three plants for the past period (i.e., after 31.03.2012). The same is pending adjudication before the Hon'ble APTEL.

- v. In July, 2017, BRPL and BYPL had respectively filed Review Petition Nos. 44 and 45 of 2017 seeking review of the Tariff Orders dated 29.09.2015, on the issue of disallowance of the power purchase costs from Anta, Auriya and Dadri plants. The Commission by its Order dated 22.03.2018 has reviewed its Order dated 29.09.2015, and has allowed impact of the same in the latest Tariff Order dated 28.03.2018, i.e., procurement of power from Anta, Auriya and Dadri plants of NTPC. However, the Commission has not given effect to the power purchase cost disallowance in respect of the said three plants of NTPC for the past period on account of pendency of Appeal against the Tariff Order dated 29.09.2015 and for the subsequent years.
- vi. On 26.04.2018, the petitioner filed IA No. 62763 of 2018 in Civil Appeal No. 7362 of 2016 in view of the Order dated 22.03.2018 and Tariff Order dated 28.03.2018 passed by the Hon'ble Commission *inter alia* allowing procurement of power from Anta, Auraiya and Dadri gas based plants of NTPC from FY 2017-18, sought liberty of the Hon'ble Supreme Court to approach the Hon'ble Commission seeking costs incurred by the Petitioner on account of power purchase from Anta, Auraiya and Dadri gas based plants of NTPC for FY 2012-13 uptill FY 2016-17.
- vii. On 21.05.2018, the Hon'ble Supreme Court passed an Order in the IA No. 62763 of 2018 filed by the Petitioner granting liberty to the Petitioner to pursue the matter before this Hon'ble Commission.
- viii. The Counsel for the Petitioner submitted that the present petition has been necessitated on account of the following grounds:
- a) The Hon'ble Commission by the Tariff Order dated 29.09.2015 and subsequent Tariff Orders dated 31.08.2017 and 28.03.2018 while truing up the accounts for relevant financial years has considered all power scheduled from Anta, Auraiya and Dadri Stations for the past years, i.e., Fy 2012-13, FY 2013-14, FY 2014-15, FY 2015-16 and FY 2016-17 on the basis of the same was procured by the Petitioner through short term sources. Therefore, the cost of procurement of this power has been limited to the monthly average rate of exchange of Northern Region (N2) as determined by the Hon'ble Commission,

thereby causing a substantial adverse financial impact on the revenues of the Petitioner as the short term market rates are much lower from the actual power purchase costs borne by the Petitioner for power scheduled from Anta, Auraiya and Dadri plants of NTPC;

- b) Power from these stations has already been supplied and consumed by the consumers of the petitioner;
- c) Further, NTPC has been charging the Petitioner for power scheduled forcibly to the Petitioner despite the said power procurement being disallowed by the Hon'ble Commission;
- d) The petitioner has been informed that in the event of non-payment of dues for the same including the regulation of supply of power, NTPC would be constrained to take action against the petitioner for material breach on part of the Petitioner;
- e) The power purchase cost is an uncontrollable parameter in terms of MYT Regulations 2011 and 2017. Further, the power purchase cost constitutes 80% of the ARR of the petitioner therefore the disallowance have an adverse impact on the finances of the petitioner;
- f) The Hon'ble Commission has *vide* Order dated 29.06.2018 in Petition no. 25 of 2018 filed by the Petitioner has allowed the power purchase cost and procurement from Anta, Auraiya and Dadri Gas based Stations for Future period i.e., from FY 2017-18, on the principal that the agreement between the petitioner and NTPC does not provide for partial termination of the PPA with regard to the generating station of the generating units and the PPA dated 05.06.2008 has been considered.
- g) Therefore, if the aforesaid principle has been allowed for procuring future power from the said stations then the same should be allowed uniformly for the past period starting of FY 2012-13 till FY 2016-17 and with its associated costs.
- h) Further, the Petitioner has filed an application in the Hon'ble APTEL for seeking amendment of the Appeals and for withdrawing/deleting the Grounds pertaining to disallowance of cost from Anta, Auraiya and Dadri stations for the past and future period.

3. **ANALYSIS AND ORDER**

I. The submissions made by the Petitioner has been considered and the following have been observed that:

a) The disallowance of the power purchase costs towards Anta, Auraiya and Dadri gas based plants in the Commission Order dated 29.09.2015 was on the following grounds:

- i. The petitioner's tariff petition and petition for true up for the FY 2013-14, the ARR Petition for FY 2014-15 and the documents submitted for the PPAC claims did not mention the renewal of the PPA's. Further, the PPA's/ supplementary PPA's were also not annexed to the Petitions and PPAC claims.
- ii. The Appellant was in violation of the License conditions in terms of *Clause 5.2(a) of the Terms and Conditions of the Licence* granted by the Commission for renewing the PPA's without the prior approval of the Delhi Commission. The responsibility to seek approval of the Delhi Commission lies with the Petitioner.
- iii. The approval for renewal of the PPA's should have been sought by the petitioner much before the PPA's were going to expire so that the Delhi Commission could have considered that request well in time.
- iv. As the power being purchased from these plants is costly and against consumer interest, the petitioner itself wished to give up this power and therefore there was no reason for it to renew the PPA's since it was itself trying to exit from the PPA's. The petitioner vide its letter dated 08.06.2015 to GoNCTD with a copy to the Delhi Commission has itself raised the issue of surrender of its entire share from Anta, Auriya and Dadri power plants forever with immediate effect.

b) The Hon'ble APTEL in Appeal No. 186 & 196 of 2015 has also upheld the decision of the Commission stating that renewing the PPAs without prior approval of the Commission is a violation of the Licence conditions. Hon'ble APTEL has held the following:

“ 7.6 ... Thus, we feel that the Appellants have violated the license conditions for renewing the PPAs without the prior approval of the Delhi Commission.

7.7 ... The contention of the Appellants that the approval of the Commission is not required, is not correct and the licensees are bound to comply with the license conditions. Further, there is no provision of a deemed approval in the license conditions.

...

7.9 Accordingly, we do not find any infirmity in disallowing the actual cost of power procurement from Anta, Auraiya and Dadri Gas Generating Stations.”

- c) In respect of the petitioner's submission that the instant petition may also be allowed on the same principles as applied in the Commission Order in RP 44, 45 of 2017 and 25 of 2018, whereby power from these stations have been allowed for future period from FY 2017-18, it is clarified that the Commission while considering the allowance of the power purchase cost from Anta, Auraiya and Dadri gas based stations for future period has considered the following scenario:
- i. The demand-supply of the Petitioner as projected in the Tariff Petitions for ARR of FY 2017-18 & FY 2018-19 and also the demand-supply projection for FY 2018-19 by Delhi SLDC that the petitioner is in considerable deficit of power to meet the summer peak load and to meet the demand in their respective areas; and
 - ii. The agreement did not provide for partial termination of the PPA with regard to the generating station of the generating units and the PPA dated 05.06.2008 needs to be enforced in a combined manner in regard to all the generating stations/units mentioned therein.
- d) Whereas the Commission in another case had accorded in-principle approval based on cost-benefit analysis for renewal of Bulk Power Supply Agreement (BPSA) of the Petitioner with NHPC, wherein the Petitioner had requested for prior approval of such BPSA, on the ground of bundled BPSA as NHPC was reluctant to sign individual station-wise BPSA with the Petitioner. Similarly in the present case NTPC has submitted that the PPA is bundled and agreement does not

provide for partial termination of the PPA with regard to the generating station and needs to be enforced in a combined manner. It is observed that approximately 50% of the total power allocated to the petitioner is being supplied by NTPC and the average cost of supply from NTPC (Rs. 3.21/kWh), except Aravali Power Corporation Ltd. which is less than the average power purchase cost (Rs. 4.11/kWh) of power portfolio of the Petitioner.

- e) Commission has also considered the fact that the Petitioner has been allowed previously renewal of PPA from Singrauli power station of the NTPC which is also part of bundled PPA and the power from these stations has already been supplied and consumed by the consumers of the petitioner and also that the agreement between the petitioner and NTPC does not provide for partial termination of the PPA with regard to the generating station of the generating units.
- f) In view of the aforesaid discussions as a special case the Petitioner is allowed the cost of power purchase from FY 2012-13 till FY 2016-17 on the principle of Merit Order.

4. Notwithstanding anything contained in para 3 (f) above, the Commission reserves the right to initiate action against the Review Petitioners for violation of Licence condition in this matter under the provisions of Electricity Act, 2003.

5. The Petition is disposed of.

Sd/-
(B. P. Singh)
Member