

BEFORE THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

Quorum

Shri Desh Deepak Verma, Chairman
Smt. Meenakshi Singh, Member
Shri I. B. Pandey, Member

In the matter of:

Petition no. 1013/2015 u/s 33 (4) read with section 86 (1) (e), 61 (1) (a), (h) & (i) of the Electricity Act, 2003 and Rule 156 and 160 of UPERC Conduct of Business Regulations, 2004, provisions of power purchase agreement and other enabling provision of the Act and Regulations.

Petitioner

Secretary, Uttar Pradesh Sugar Mills Cogen Association, 4th Floor, Room No. 403, Chintels House Trade Center, 16, Station Road, Lucknow-226001.

Versus

Respondents

1. Chief Engineer (PSO) State Load Despatch Centre, U.P. Power Transmission Corporation Ltd., Shakti Bhawan, 14, Ashok Marg, Lucknow
2. Managing Director, U. P. Power Corporation Ltd. Shakti Bhawan, 14 Ashok Marg, Lucknow-226001

Order

(Hearing held on 4.6.2015)

The Uttar Pradesh Sugar Mills Cogen Association filed the present petition on 23.3.2015 against the SLDC order / notice dated 18.3.2015.

SLDC by order / notice dated 18.3.2015 informed the petitioner that there is crash in load on account of weather conditions and several generating units have already been shut down. Further on instructions of buyer (UPPCL/DISCOM), SLDC has directed that the co-generators of generating capacity 10 MW and above should minimize their generation by limiting it to their own process use only upto 15.4.2015.

In the said order SLDC has further elaborated that due to crash in load several generating units have already been shut down to match the load generation balance

and to ensure safe and secure grid operation. The above order dated 18.3.2015 addressed to the Cogen Plants has not been actually served to the Cogen Plants and the concerned Executive Engineer has been directed to communicate the said order to all Cogen Plants as per the list attached thereof. The concerned Executive Engineer so far has not conveyed the above order dated 18.3.2015 to the Cogen Plants.

During the hearing on 30.3.2015, the petitioner submitted the following:

1. It is the gross violation of the provision of the Electricity Act 2003.
2. It is against the PPA as the para 17 of the PPA .
3. Electricity Act, 2003 has accorded special preferences to co-generation plants on renewable fuel under section 86 (1) (e), 61 (1) (a), (h) & (i) of the Electricity Act, 2003.
4. Gujrat ERC in its order no. 4 of 2010 did not put such Bagasse Based Co-generating unit under merit order dispatch but suggested that SLDC is Supreme Authority for secure operation of the State Power System.

During the hearing on 10.4.2015, Shri Rahul Srivastava, Advocate appearing on behalf of SLDC, submitted that the order revoking earlier order dated 18.3.2015 has been issued vide letter no. 615 dated 24.3.2015 and further submitted that during the intervening period between 18.3.2015 to 24.3.2015 the petitioner member has continued to supply electricity to respondent no. 2. SLDC sought some time to file reasons for issuing and withdrawing of order.

The Commission in its order dated 2.6.2015 had directed SLDC to file its response within ten days with a copy to the petitioner and petitioner to file rejoinder within next seven days.

During the hearing on 4.6.2015 Smt. Sangeeta Saxena, Executive Engineer, appearing on behalf of SLDC submitted that letter dated 18.3.2015 was issued on grounds of weather condition and sudden crash of demand and instructions from buyers and on improving the weather conditions the order dated 18.3.2015 was revoked vide letter dated 24.3.2015.

The Commission enquired that why the letter was written to Co-generating plants only and weather it was solely on grounds of weather conditions or from the instructions from the buyers. The respondent replied that it was on the weather conditions as well as instructions from buyers. The respondent further clarified that the directions were issued to all State Generating Units, Central Generating Units, IPP and Members of the Petitioner Organizations . The respondent further submitted that as per Section 32 (2) (e) of the Electricity Act 2003.

32 (2) (e)

“be responsible for carrying out real time operations for grid control and dispatch of electricity within the State through secure and economic operation of the State grid in accordance with the Grid Standards and the State Grid Code.”

Section 33. (Compliance of directions): --- (1) The State Load Despatch Centre in a State may give such directions and exercise such supervision and control as may be required for ensuring the integrated grid operations and for achieving the maximum economy and efficiency in the operation of power system in that State.

(2) Every licensee, generating company, generating station, sub-station and any other person connected with the operation of the power system shall comply with the directions issued by the State Load Despatch Centre under sub-section (1).

(3) The State Load Despatch Centre shall comply with the directions of the Regional Load Despatch Centre.

(4) If any dispute arises with reference to the quality of electricity or safe, secure and integrated operation of the State grid or in relation to any direction given under sub-section (1), it shall be referred to the State Commission for decision: Provided that pending the decision of the State Commission, the directions of the State Load Despatch Centre shall be complied with by the licensee or generating company.

(5) If any licensee, generating company or any other person fails to comply with the directions issued under sub-section(1), he shall be liable to a penalty not exceeding rupees five lacs.

He further submitted from the perusal of the above Sections it is clear that for the safety and security of the grid SLDC may give any direction to any State entity and such entity is bound to follow the said direction. It is also pertinent to mention that State and Central Generating Units were issued such direction in the shape of day ahead schedule but as

the members of the petitioner are not subjected to scheduling and dispatch and real time of the generation of many co-generators is still not available in SLDC in spite of several requests by SLDC. So these directions were issued to the Members of the petitioner. SLDC further submitted that the Commission has never accorded the status of "Must run" plant to the Baggase Base Generation Plant. However generation from these plants is normally not rescheduled to abide by the policy of encouraging generation from Renewable/Non-Conventional energy sources.

It is also pertinent to mention here that from perusal of the Dispatch principles for electricity generated from renewable energy sources it is clear that biomass power plants unit with installed capacity of 10 MW and above like petitioner and non-fossil fuel based cogeneration plants are not in the MUST RUN status.

The Members of the petitioner are not only free from the merit order dispatch but also free to generate as per their convenience and not subjected for the scheduling and also exempted from Deviation Settlement Mechanism. Due to crash in load on account of the weather condition, there was a situation of under drawl and frequency of the grid was also very high, therefore for the grid safety and security, SLDC had issued direction to all State and Central generating units including members of the petitioner to minimize their generation. That it is also pertinent to mention here that CERC has not exempted Co-gen plants from Deviation Settlement Mechanism and only exempted solar generation units.

In view of the above the petitioner submitted that UPERC while deciding review petition no. 282 of 2005 by order dated 15.9.2005 in paragraph 6.7 has categorically held that the Commission has already created a 'must run' condition for bagasse based co-generation.

The paragraph 6.7 of the order dated 15.9.2005 in petition no. 282 of 2005 is reproduced below:

"ABT and Merit Order Dispatch: The Petitioners have stated in the Petitions that ABT and Merit Order Dispatch should not be applied in their case as it would hamper their operations and shall be detrimental to promotion of generation from such non-conventional sources of energy. It is stated that the Commission has made exception to solar and wind projects only on the ground that such plants would not be able to comply with the requirement of scheduling and dispatch due to inherent characteristics. Sri. Prasad, on behalf of the Association submitted that the Petitioner be provided 'must run' status to these plants. It is clarified that having specify a percentage of mandatory percentage of power from non-conventional and renewable energy source based plants, the 24 Commission has already created a 'must run' condition for such generating plants and the merit order dispatch would not apply in such cases. The Commission in Para 8.3 and 8.4 of the approach paper have already dealt with this issue that '8.4 The plants generating from bagasse based generation and biomass shall be exempted from

UI mechanism but not from day ahead scheduling under ABT, with the exception that on operation actual generation shall be deemed as the actual schedule, in case of supply of full capacity to a distribution licensee of the area the the plant is located. However, in other cases, the provisions of ABT shall apply. For generation from industrial waste, municipal waste, biogas, solar energy, wind and hydro (micro/mini and canal fall hydro generating schemes upto total capacity below 25 MW) shall be exempt from UI mechanism but not from day ahead scheduling under ABT, with the exception that on operation actual generation shall be deemed as the actual schedule. 8.4 All these generating stations, except those which do not have connectivity, shall be subject to scheduling and unscheduled interchange, as the case may be, as per the availability based tariff order of the Central Electricity Regulatory Commission as made applicable in the State by an order of UPERC. The meter at such generating stations shall be special energy meter to be installed by State Transmission Utility for the purpose of accounting by State Load Despatch Centre, as the case may be, under ABT'. Therefore, it is decided that such plants shall be subject to day ahead scheduling under intra-state ABT as and when implemented in the state but shall not be subject to payment of Unscheduled Interchange charges.”

The Commission clarifies that it has not provided 'must run' status to the bagasse based co-generating plants, but has only provided a conducive environment for such generating plants for providing mandatory specified percentage of power from Non Conventional Renewable Energy Source Based Plants i.e. Renewable Purchase Obligation (RPO). The Commission while doing so has also exempted the renewable energy generator from the obligation of UI /deviation settlement mechanism.

The Commission finds that as SLDC vide letter dated 24.3.2015 has already withdrawn its directions issued vide letter dated 18.3.2015 the present petition becomes infructuous. The petition is disposed off.

(I. B. Pandey)
Member

(Meenakshi Singh)
Member

(Desh Deepak Verma)
Chairman

Dated: 6.7.2015