



BEFORE

THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION,

LUCKNOW

Petition No.: 937/2014

IN THE MATTER OF:

Short Term Power Purchase for the period April, 2014 to June, 2014 U/S 63 of the EA, 2003 read with Cl. 10.4 of the Guidelines for Short-term (i.e. for a period less than or equals to one year) Procurement of Power by Distribution Licensees.

And

IN THE MATTER OF:

Noida Power Company Limited (NPCL), Greater Noida. **Petitioner**

Present

1. ShriDesh Deepak Verma, Chairman
2. Smt.Meenakshi Singh, Member
3. Shri I. B. Pandey, Member

ORDER

(Date of Hearing – 20th March, 2014)

A petition has been filed by NPCL, Greater Noida in the matter of Short Term Power Purchase for the period April, 2014 to June, 2014 U/S 63 of the EA, 2003 read with Cl. 10.4 of the Guidelines for Short-term (i.e. for a period less than or equals to one year) Procurement of Power by Distribution Licensees notified by MoP on 15th March, 2012.

In the hearing held on 20th March, 2014, Mr. Rajiv Goyal, Head (Power & Projects), Mr. Manoj Jain, Head (Finance) & Mr. A. K. Arora, Resident Manager of NPCL were present.

The petitioner in its Petition has submitted that the Commission in its Tariff Order dated 31st May, 2013 had directed the Petitioner to procure Short-term power through competitive bidding process under the Guidelines for Short-term (i.e. for a period less than or equals to one year) Procurement of



Power by Distribution Licensees through Tariff based bidding process dated 15th May, 2012 issued by the Ministry of Power, Government of India.

The petitioner has further submitted that it has filed its ARR Petition for FY 2014-15 on 28th November, 2013 wherein complete details of power procurement vis-à-vis demand and other distribution expenses were provided for the approval of the Commission. In the mentioned ARR Petition it has been stated that the Long-term PPA executed between the Petitioner and the Essar Power Jharkhand Limited through competitive bidding process has been terminated on 22nd August, 2013 for not complying with the provisions of the PPA, therefore, it will procure power for FY 2014-15 on Short-term / Medium-term / Long-term basis through Competitive bidding, as the case may be.

In view of the same and for procuring the power through Short-term sources the Petitioner published a notice in Times of India and The Economic Times on 12th January, 2014 and 13th January, 2014, inviting Bids from Generators, Captive Power Plants, Licensed Power Traders, State Utilities and Distribution Licensees from all over India, for meeting its power requirements from April, 2014 to June, 2014 latest by 23rd January, 2014. The Petitioner submitted that the Request for Proposal (RfP) was prepared detailing all the terms and conditions for supply of following power:

Table 1: Power Procurement Quantum as per RfP

Period	Duration (Hrs)	Quantum (MW)
01.04.2014 to 30.06.2014	RTC (00:00 – 24:00)	110
	Peak (19:00-24:00)	20

Note: 1) With minimum bid capacity of 10 MW

2) With maximum capacity of 50 MW from a single generating source.

The petitioner has submitted that in pursuance to the bidding process as per the Guidelines, it formed a Bid Monitoring Committee consisting of its employees. Further, the Petitioner submitted that it also formed the Standing Committee which consisted of its employees and an External Independent Member namely Shri. Harit Agarwal (Chartered Accountant, Member of Executive Committee of Northern India Regional Committee of Institute of Chartered Accountants of India).

The petitioner has submitted that in response to competitive bidding process it received fifteen (15) proposals / bids till the last date of bid submission i.e. 23rd January, 2014. The names of the fifteen bidders participated in the bidding process are as shown in the table below:



Table 2: Name of the Bidders participated in the bidding process

S. No.	Name of the Bidder
1	M/s SesaSterlite Limited
2	M/s Jindal Power Limited (JPL)
3	M/s Manikaran Power Limited
4	M/s GMR Energy Trading Limited
5	M/s Adani Enterprises Limited
6	M/s Tata Power Trading Company Limited (TPTCL)
7	M/s PTC India Limited
8	M/s Shree Cement Limited
9	M/s National Energy Trading & Services Limited
10	M/s Mittal Processors Pvt. Limited
11	M/s NTPC VidyutVyapar Nigam Limited
12	M/s Gujarat UrjaVikas Nigam Limited (GUVNL)
13	M/s Knowledge Infrastructure Systems (P) Limited (KISPL)
14	M/s Instinct Infra and Power Limited
15	M/s JSW Power Trading Limited

The petitioner has submitted that the Non-Financial Bids were opened and evaluated by the Bid Monitoring Committee and were found in order. The Bid Monitoring Committee proceeded to open the Financial Bids of all the bidders in presence of representatives of the Bidders and the information namely quoted tariff at delivery point, trading margin (if any) etc. quoted by each bidder was also read out to all Bidders at the time of opening of the Financial Bids. The Bid Monitoring Committee also tabulated the results of the bids and submitted the same to the Standing Committee for evaluation and finalization.

The petitioner has submitted that the Bidders in their bids quoted the Tariff at Delivery Point in the prescribed format as set out in Annexure-III of the RfP. Based on the quoted Tariff provided by the Bidders the Delivered Tariff at Petitioner's Bus was calculated. Petitioner submitted that the following factors were considered for the purpose of bid evaluation and computation of landed power purchase cost at the Petitioner's Bus:

- (a) Applicable POC rates for Short-term slab as notified by CERC vide its Order No. L- 1/44/2013-CERC dated 31st December, 2013.
- (b) Transmission Charges of U.P. as Rs. 50/- per MWh.



- (c) Applicable Open Access charges namely RLDC / SLDC Operation Charges and Application Fees as notified by CERC.
- (d) The Transmission Losses (POC losses) as notified by NLDC for the period commencing from 13th January, 2014 to 19th January, 2014 to be added for the evaluation purpose.
- (e) U.P. State Transmission Losses as approved by UPERC, i.e. 3.67%.

The petitioner has submitted that, GUVNL offered lowest rates at the Delivery Point and hence they were declared as L1 for the RTC Block. Further, the Petitioner has submitted that thereafter it received letters from following bidders who have shown their willingness to revise the rates:

- (a) M/s Knowledge Infrastructure Systems (P) Limited (KISPL): Willing to match the L1 rates
- (b) M/s Tata Power Trading Company Limited (TPTCL): Offered to lower its rate to Rs. 2.99 per kWh for the month of June, 2014

The petitioner has also submitted the copies of the request letters received from the above bidders.

The petitioner submitted that considering the transmission losses of regional periphery and also to rationalize the ordered quantum to economical size, the Standing Committee decided to evaluate the bids up to 150 MW quantum to meet the base load requirement during April, 2014 to June 2014. The weighted average lowest quoted price of the successful bidders as submitted by the Petitioner is shown in the table below:

Table 3: Weighted average lowest quoted price as submitted by the Petitioner

Month	Apr-14	May-14	Jun-14
Region of Generator	WR and ER	WR and ER	WR and ER
Quantum (MW)	120	138	148
Rate* (Rs./kWh)	3.47	3.47	3.38
Weighted Avg. Rate (Rs. / kWh)*	3.44		

* At NPCL Bus. The Rates quoted by Bidders are at Regional Periphery hence to determine the rates up to NPCL Bus following charges / losses are added:

- (i) PoC Withdrawal Charges @ Rs.163.4/MWh
- (ii) PoC Withdrawal Losses @ 2.83%
- (iii) Intra-state Transmission Charges of U.P. @ Rs. 50/MWh
- (iv) Intra-state Transmission Losses of U.P. @ 3.67%

Any change in the aforesaid charges and losses will correspondingly impact the above landed cost.



The petitioner has submitted that the Standing Committee observed that the weighted average price for procurement of power from April, 2014 to June, 2014 as tabulated above would be Rs. 3.44 per kWh at the Petitioner's Bus.

The petitioner has submitted that the Standing Committee also compared the above landed cost with the weighted average price of RTC power under bilateral segment from April, 2013 to June, 2013 which was Rs. 4.49 per kWh (Ref: CERC's Market Monitoring Cell Report of November, 2013 and Weekly Reporting of OTC Contracts: Monthly Analysis of December, 2013) and the projected weighted average price from January, 2014 to May, 2014 works out to Rs. 4.20 per kWh based on the forward curve of bilateral traded power. The Standing Committee also observed that the aforesaid landed cost is even lower than the weighted average landed cost of the Petitioner from April, 2013 to June, 2013. In view of the above observations and after considering all aspects in view to ensure stable supply to the consumers at reasonable rates the Standing Committee recommended it to procure power from April, 2014 to June, 2014 as per following details:

Table 4: Details of power procurement as recommended by the Standing Committee for April, 2014

S.No.	Bidders	Delivery Point	Quantum (MW)	Offered Tariff at Delivery Point (Rs./kWh)	Wt. Average Tariff at NPCL's bus (Rs./kWh)
1.	M/s Gujarat UrjaVikas Nigam Limited (GUVNL)	WR	90	3.03	3.47
2.	M/s Knowledge Infrastructure Systems (P) Limited (KISPL)	WR	30	3.03	3.47
3.	Weighted Average		120	3.03	3.47



Table 5: Details of power procurement as recommended by the Standing Committee for May, 2014

S.No.	Bidders	Delivery Point	Quantum (MW)	Offered Tariff at Delivery Point (Rs./kWh)	Wt. Average Tariff at NPCL's bus (Rs./kWh)
1.	M/s Gujarat UrjaVikas Nigam Limited (GUVNL)	WR	90	3.03	3.47
2.	M/s Knowledge Infrastructure Systems (P) Limited (KISPL)	WR	48	3.03	3.47
3.	Weighted Average		138	3.03	3.47

Table 6: Details of power procurement as recommended by the Standing Committee for June, 2014

S.No.	Bidders	Delivery Point	Quantum (MW)	Offered Tariff at Delivery Point (Rs./kWh)	Wt. Average Tariff at NPCL's bus (Rs./kWh)
1.	M/s Knowledge Infrastructure Systems (P) Limited (KISPL)	WR	48	2.92	3.35
2.	M/s Jindal Power Limited (JPL)	WR	50	2.92	3.35
3.	M/s Tata Power Trading Company Limited (TPTCL)	ER	30	2.99	3.43
4.	M/s Gujarat UrjaVikas Nigam Limited (GUVNL)	WR	20	3.03	3.47
5.	Weighted Average		148	2.95	3.38

The petitioner has also submitted a copy of the Standing Committee Report duly signed by all its members, certifying that the bid evaluation has been done in conformance with the provisions of the RfP.



In view of the above, the petitioner has prayed the Hon'ble Commission to adopt the Tariff as mentioned in the above tables which is arrived through the process of competitive bidding. Petitioner has also submitted that it has also entered into Power Purchase Agreements with the successful bidders on 29th January, 2014 (GUVNL), 20th February, 2014 (TPTCL), 21st February, 2014 (JPL) and 28th February, 2014 (KISPL).

The petitioner further, submitted that the Section 63 of the Electricity Act, 2003 states that the Commission shall adopt the tariff arrived through transparent process of bidding in accordance with guidelines issued by Central Government. The said provisions is reproduced below:

“Section 63 (Determination of tariff by bidding process): Notwithstanding anything contained in section 62, the Appropriate Commission shall adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government.”

The relevant para 2 of Clause 10.4 of the Guidelines for Short-term Procurement of power dated 15th May, 2012 issued by Ministry of Power is reproduced below:

“In all other cases, the procurer(s) shall submit a petition to the Appropriate Commission for adoption of tariff within 2 days from the date of signing of PPA. Appropriate Commission should communicate the decision within 7 days from the date of submission of Petition”

The Commission Analysis:

It has been observed that the Petitioner has initiated the power procurement process for procurement of Short-term power in accordance with the Guidelines for Short-term Procurement of Power by Distribution Licensees through Tariff based Bidding process, notified by the Ministry of Power on 15th May, 2012 which is based on the direction of the Commission issued in its Tariff Order dated 31st May, 2013.

It has been observed that the Petitioner has followed the bidding process as per the guidelines issued by the Central Government. It has also been observed that an appropriate comparison has also been made with the prevailing or estimated tariff in the procurement period before finalizing the bidders.

It has been observed that the Petitioner has signed the PPAs during January, 2014 and February, 2014 for procuring the power. However, the application to the Commission for adoption of the Tariff



has been filed in March, 2014 i.e. a delay of around 1 month. The Petitioner has submitted that such delay has been occurred due to delay of signing of all the PPAs due to unavailability of signatories.

It is observed that such delay would not impact the cost the power procurement if the price has been determined following the transparent process of bidding as per the guidelines issued by the Central Government.

Further, it has been observed that the as per the study conducted by the Petitioner the base load for April, 2014 is 160 MW. However, the Petitioner has tied up only 120 MW (including 30 MW from KISPL) for April, 2014. As per the letter submitted by KISPL, it was ready to sell 48 MW, however only 30 MW has been finalized for April, 2014 and no reasons for the same has been submitted in the Petition and in the report of the Standing Committee.

On a specific query raised on the above issue, the Petitioner submitted that it has tied-up power for the month of April, 2014 considering the base demand of 160 MW. The procurement plan was formulated keeping in view of the 45 MW power supply would be from PUVNL/UPPCL. Therefore, the remaining quantum i.e. 115 MW power has to be procured through the bidding process. Accordingly, it has procured majority of the quantum of 90 MW from GUVNL which was declared as L1 bidder on the bid opening date and remaining was procured from KISPL who has lowered its bid on subsequent date. Petitioner submitted that that both GUVNL and KISPL are supplying at same tariff. Hence, it was indifferent in buying power from any of the sources. Moreover, dual sources of power provide flexibility in day to day operations.

It is further, important to mention that the Petitioner has filed ARR / Tariff Petition for FY 2014-15 on 28th Nov, 2013 and has submitted the power purchase sources considering that 45 MVA of power is available from UPPCL. Thereafter the Petitioner through a separate Petition (Ref: Petition No. 934 of 2014) had also submitted that UPPCL has discontinued the supply of 45 MVA of power to the Petitioner from 12th February, 2014 onwards. The above discontinuation of power would have implications on the power purchase plan of the Petitioner for FY 2014-15. It may be observed that the Petitioner has so far planned the purchase power only for the period from April, 2014 to June, 2014 through Short-term purchase. As regard the same, the Petitioner was asked to submit the detailed power purchase plan for the entire FY 2014-15 as supplementary submission to the ARR / Tariff Petition for FY 2014-15 along with the consequential changes in other components of the ARR, consolidated gap, proposed plan for recovery of gap with all the supporting computations etc.



In reply to the query raised, the Petitioner submitted that based on the direction of the Commission in a separate Petition on discontinuation of 45 MVA power supply from UPPCL/PVVNL, it has been arranging requisite power on day ahead basis from power traders at the prevailing prices which are currently ranging between Rs. 3.70 per kWh to Rs. 4.25 per kWh. Further, for the month of April, 2014, the following quantum has been approved against the applied quantum by NRLDC considering the availability of transmission corridor:

Table 7: Approved quantum of power for April, 2014 approved by NRLDC as submitted by Petitioner (MW)

Source	Quantum Applied	Quantum Approved	Quantum Curtailed
M/s GUVNL	90	61	29
M/s KISPL	30	30	-

Petitioner further submitted that as per the Total Transfer Capacity (TTC) for the month of May, 2014 issued by NRPC, the total quantum which can be scheduled from WR-NR is only 44 MW. Hence, there is very remote chance of power flowing from outside NR to NR region. In view of the above, the replacement quantum from April, 2014 to June, 2014 is being procured through NR sources to ensure reliable power supply to the consumers of the area at the prevailing market prices.

Further the Petitioner has prayed that under the above circumstances, it is not able to submit its total power purchase cost with certainty for the first quarter of FY 2014-15 and requested the Commission to approve the same based on the submissions as per ARR subject to true-up.

As the power procurement has been done as per guidelines of the Central Government, hence the power procurement quantum during April, 2014 to June, 2014 along with the derived Tariffs(as per details in Table 4, 5 & 6) are approved by the Commission. The above will also be taken into consideration while finalising the ARR / Tariff Petition for FY 2014-15.

The Petition is disposed of.

(I. B. Pandey)
Member

(Meenakshi Singh)
Member

(Desh Deepak Verma)
Chairman

Place: Lucknow

Date: 24th March, 2014