

ORISSA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
UNIT-VIII, BHUBANESWAR – 751 012

Present : Shri D.C.Sahoo, Chairman
Shri H.S Sahu, Member
Shri B.C. Jena, Member

Case No.18/2002

M/s. Sree Metaliks Ltd.,
At/P.O. Barbil, Dist. Keonjhar

..... **Petitioner**

- Vrs. -

1. M/s. North-Eastern Electricity Supply Company
of Orissa Ltd.(NESCO), At/P.O. Januganj, Dist. Balasore
2. M/s.Grid Corporation of Orissa Ltd.(GRIDCO),
Janpath, Bhubaneswar

..... **Respondents**

For petitioner : Shri M.R. Mohanty, Advocate

For respondent No.1: Shri S.D. Bhanja,
Executive Engineer(Comm.), NESCO

For respondent No.2: Shri K.C. Pati, AGM (PP), GRIDCO

Date of argument : 07.03.2003

Date of order : 03.04.2003

ORDER

M/s. Sree Metaliks Limited, Barbil (petitioner) has filed an application under Section 44 of the Electricity (Supply) Act, 1948 r/w Sec. 21 (3) of the Orissa Electricity Reform Act, 1995 for setting up of a 8 M.W. capacity Captive Co-generation Plant by utilising waste heat generated and to be generated in course of sponge iron processing.

2. The petitioner at present operates a Sponge Iron Plant with capacity of 500 TPD and intends to augment it to 840 TPD. For power supply, it has executed an agreement with NESCO for a contract demand of 2200 KVA. At the same time, it has obtained consent of OERC to operate stand by diesel sets with an aggregated capacity of 2263 KVA (1000 KVA + 500 KVA + 380 KVA + 320 KVA + 63 KVA) at the time of power outage.

The petitioner also intends to set up a steel manufacturing plant, which would require around 7 MW of power for its operation. Against this requirement, it proposes to set up a captive power plant of 8 MW capacity, by utilising the waste heat and waste coal fines generated in course of sponge iron manufacturing process. According to the petitioner, the power from the CPP would be more reliable and much cheaper compared to power being availed from respondent No.1. Respondent No.1 (NESCO) & Respondent No.2 (GRIDCO) were asked to furnish their views on the proposal.

3. Respondent No.1 – NESCO, in its reply/counter has clearly observed that with commissioning of the dedicated 33 K.V. feeder (now charged at 11 K.V.) since February, 2002, the power supply position for the petitioner has considerably improved and the petitioner has congratulated respondent No.1 on that account. The investment of respondent No.1 would go waste or remain under-utilized if the petitioner is permitted to set up a Co-generation Plant & does not avail power from Respondent No.1.
4. Respondent No.2 – GRIDCO has no objection to the proposal for setting up of 8 M.W. CPP by the petitioner provided the petitioner ensures the following:-
 - (a) Power generation to be restricted to the petitioner's own requirement.
 - (b) CPP to run in stand-alone mode.
 - (c) In case, it is connected to grid system, GRIDCO would not take any responsibility for damage/loss of petitioner's equipment and the

petitioner has to bear the cost of up-gradation of sub-station equipment arising out of interconnection with grid.

5. The Commission heard the case on 07.03.2003. Mr. M.R. Mohanty, Advocate for the petitioner gave the following justification in favour of the proposal.
 - (a) The petitioner intends to go for Co-generation plant by utilising the waste heat etc. demonstrating a classic example of utilisation of non-conventional energy sources directly resulting in conservation of scarce resources like petroleum products and coal and at the same time keeping the environment clean.
 - b) The petitioner can avail power from CPP at a much cheaper rate since the input raw material for the plant is already available in the shape of waste gas and coal fines. The estimated cost of the generation as per the DPR will be around Rs.1.46 paise per unit without taking into account Electricity Duty.
 - c) The quality and reliability of power plant will be superior, as compared to grid supply since it will operate in the stand-alone mode. Operation of plant will not suffer due to grid disturbances and frequency fluctuations.
 - d) It is an environmental friendly proposition.
 - e) In spite of its own captive generation, the petitioner will continue to avail present contract demand from respondent No.1 – NESCO.
6. The Commission is aware that Government of India has been giving a lot of emphasis on hydro and Co-generation Plants to reduce pollution. In fact, they have advised all state governments to encourage captive Co-generation Plants and to spell out clear-cut policy guidelines for their development. The

Commission in their turn, has also furnished draft guidelines on CPP to the Department of Energy for their finalisation and notification thereof. We have incorporated several measures in the guidelines in favour of hydro and Co-generation plants.

7. The Commission, therefore, orders that consent for setting up of a 8 MW Captive Co-generation Plant by the petitioner is given subject to the following terms and conditions:
 - a) All statutory provisions relating to installation and safety in this regard are to be fulfilled and compliance obtained from Chief Electrical Inspector, Govt. of Orissa.
 - b) The energy generated shall not be sold to others.
 - c) Since both grid supply and supply from its stand alone captive unit shall be available within same premises, the installation has to be arranged in such a way that there shall be no risk of accidental back feeding to Grid under any circumstances.
 - d) The installation should be subject to inspection by the respective field Superintending Engineer (Elect.), Executive Engineer (Elect.)/ Electrical Inspector, Orissa Bhubaneswar or their authorized representatives and should comply with the requirements as indicated by them.
 - e) Appropriate energy meter duly tested should be installed for the Set for recording the energy generated. The meter should be duly sealed by the concerned Asst. Electrical Inspector.
 - f) The installation shall be energised only after written permission of Chief Electrical Inspector, Orissa/Electrical Inspector, Orissa or his authorized representatives.

- g) Actual installation of the set should be in conformity with the installation drawing furnished by the petitioner.
- h) The Electricity Duty as due to the State Government shall be paid as & when raised by the E.I. within stipulated time.
- i) The permission granted may be withdrawn at any time, if any one or more of the conditions are violated.
- j) The set shall conform to the specifications as stipulated in the application of the petitioner.
- k) The consent for installation shall remain valid for a period of 24 months from the date of issue and shall lapse automatically, if the unit for which permission now granted is not commissioned during that period.

Sd/-(B. C. Jena)
Member

Sd/-(H.S.Sahu)
Member

Sd/-(D.C. Sahoo)
Chairman

Case No.59/2002

Dt.18.02.2003

Order vide separate sheets is passed today. The petition is allowed and consent is given with the terms and conditions stipulated in the order.

Copies of this order be sent to the concerned parties and to the Chief Electrical Inspector, Govt. of Orissa, Bhubaneswar for information and necessary action.

Member (J)

Member (S)

Chairman

