

**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.53/2002**

M/s. Konark Met Coke Ltd., Bhubaneswar                      ..... **Petitioner**

Vrs.

1.     M/s.Grid Corporation of Orissa Ltd.,  
         Bhubaneswar
2.     M/s. North Eastern Electricity  
         Supply Company of Orissa Ltd.,  
         Januganj, Balasore                      ..... **Respondents**

For petitioner:                      Shri R.C.Mohapatra, Advisor (Power)  
For Respondents:                Shri Sasanka Mishra, A.G.M.(PP), GRIDCO  
   Shri N.C.Dash, M.D., NESCO

**Date of argument : 27.12.2002  
Date of Order        : 14.02.2003**

**ORDER**

M/s. Konark Met Coke Limited (for short, M/s. KMCL) has filed an application before OERC on 24.10.2002 with the following prayer:-

- (a)     that their Captive Power Stations 62.5 MW capacity be recognised as a Co-Generation Plant.
- (b)     that they may be allowed to sale the surplus power to GRIDCO at an appropriate tariff, based on the guidelines of GOI Resolution No.A-40/95-IPC-I dated 6<sup>th</sup> November, 1996 failing which; (i)they may be allowed to sell this power to their sister concern i.e. Orissa Mining Corporation.
- (c)     They should also have an option to sell their surplus power outside the state in case the above do not materialise.

2. The case was heard on 27.12 2002.
3. M/s. KMCL explained that they had already commissioned 2X19.25 MW STG but with the available heat energy, they are now in a position to generate 23 MW only against their own demand of 15 MW of power. Thus, they were left with 8 MW of surplus power, which they intend, to sale to GRIDCO, or their sister concern or outside state at an appropriate tariff in line with the Government of India guidelines for Co-generation Plants. Further, they stated that with commissioning of Coke Oven Plant by June, 2003, the 24 MW Gas Turbine Generator would come into operation and they would have a surplus power of 25 MW at that time. This surplus is due to delay in commissioning of their steel Melting shop, rolling mills and ancillary industries as the financial tie- up for the same could not be completed in time. Their prayer to Hon'ble Commission are (a) to direct GRIDCO to purchase this surplus power at an appropriate tariff based on guidelines of GOI resolution No.A-40/95-IPC-I dated 6<sup>th</sup> November, 1996; (b) they should be considered direct customers to GRIDCO and billing may be done on net energy exchange basis, (c) if GRIDCO does not avail this surplus power at this rate they should permitted to sale the power outside state through GRIDCO's Transmission System for which they will pay the wheeling charges as approved by OERC from time to time.
4. M/s. NESCO in their rejoinder objected to the proposed third party sale in their area of franchise as it would adversely affect their financial position. But they have no objections if the surplus power is sold to GRIDCO at an average rate of power purchases made by GRIDCO or at the rates at which M/s. ICCL and M/s. NALCO sale their surplus power to GRIDCO.
5. GRIDCO, on the other hand, pointed out that the OERC's grant of consent to M/s. KMCL to install 62.5 MW Captive Power Station was based on the fact that the plant would be fully dedicated to M/s. NINL and that it had no plan to engage itself in the business of supplying electricity to any other party (Reference: Case

No.3/1998, Order No.OERC-100). GRIDCO further stated that these conditions should hold good whether it is an ordinary CPP or a Co-generation CPP. As such, their application for sale of energy to third party/ outside state should not be entertained. The surplus power, if any, can only be sold to GRIDCO at a mutually agreed rate approved by OERC and the rate proposed by KMCL basing on GoI guidelines would not apply in this case, as it does not envisage the sale of power for entire tenure of the plant.

6. The Commission after hearing the case has directed through an interim order that M/s.KMCL can sell their surplus power to GRIDCO at 96 paise/KWH (which is acceptable to GRIDCO) till the case is finally disposed and in the meantime GRIDCO was directed to file an affidavit stating (1) whether they intend to purchase the surplus power on a long term basis from M/s. KMCL at a mutually agreed rate and (2) whether they have any objection to allow M/s. KMCL to sell its surplus power outside state in case they do not intend to purchase it ?
7. GRIDCO in their filing on 29.01.2003 stated that M/s.KMCL accepted 96 paise as the rate for sale of surplus power as an interim measure. However, GRIDCO observed that finalisation of long term PPA between GRIDCO & M/s. KMCL would take some more time.
8. The Commission, after going through the filings/rejoinders of the parties disposes of the case as follows:
  - (a) It transpires from the facts filed by M/s. KMCL that it is a Co-generation plant availing its input from the blast furnace/ Coke Oven plant of the industry.
  - (b) No permission can be given to M/s.KMCL to sell their surplus power to any third party inside state as it would adversely affect M/s. NESCO.
  - (c) The unit can sell its surplus power to GRIDCO/NESCO on mutually agreed upon rates, quantum and tenure, subject to approval of the

Commission. GRIDCO may purchase the surplus power at 96 paise/unit as per the terms and conditions stipulated in the interim order of the Commission pending final negotiation at the level of both the parties.

- (d) In the event of failure in such negotiation, Commission have no objection if the surplus power is sold outside the state subject to technical feasibility and payment of wheeling charges.

**B. C Jena**  
**(Member)**

**H. S. Sahu**  
**(Member)**

**D. C. Sahoo**  
**(Chairman)**