

**ORISSA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAVAN, UNIT – VIII
BHUBANESWAR – 751012**

**Present : Shri D.C. Sahoo, Chairperson
Shri S.K. Jena, Member**

Dated the 4th day of September, 2006

CASE NO. 18 OF 2006

M/s Grid Corporation of Orissa Ltd. (GRIDCO),
Janpath, Bhubaneswar-22

.... **Petitioner**

-Vrs-

M/s Sideshwari Power Generation Pvt. Ltd.,
Registered office at E-67, 4th Crescent, Sainikpuri,
Secunderabad-500094

.... **Respondent**

For the petitioner - Mr. A.C. Mallik, Sr. G.M. (PP) &
Mr. Laxmidhar Mohapatra, Manager, GRIDCO

For the respondent - Mr. D. Annaji Rao, Head Projects, SPGPL

ORDER

The petitioner M/s GRIDCO has applied for approval of the Commission regarding Power Purchase Agreement (PPA) executed between it and M/s Sideshwari Power Generation Private Ltd., a generating company for setting up of a 2X5 MW Small Hydro Electric Project at Kharagpur in the district of Koraput in Orissa.

2. The project is a run off the river type small hydro electric scheme. The scheme envisages utilizing the flow in the river Kolab at Kharagpur village in Koraput district of Orissa where the river-bed falls by about 11 meters in

a series of falls over a short distance of about a kilometer while turning around a hill. This topography allows diversion of the flow into hydro turbines in a power house to generate electrical power and leading it back into the river course. The flow in the river will be diverted by constructing a weir across the river, into two hydro turbines of 5 MW capacity each in the power house through a diversion channel and two penstock pipes and lead back into the river about 1 Km. downstream of the weir through a short length to tail race channel.

3. The power is generated at 11 KV and will be stepped upto 132 KV and will be transmitted to the 132 KV substation of OPTCL at Jayanagar which is about 22 Kms. away and connected to the Orissa grid.
4. The project has been allotted to the respondent-company by the Government of Orissa. A MoU was entered into with Govt. of Orissa for implementing the project on 6.6.2002. The detailed project report was prepared and the same was cleared by the State Technical Committee of Govt. of Orissa for execution vide their memo no.323 dt.08.12.2003. The respondent-company approached the petitioner with a request for purchase of power generated at the project. The PPA was prepared on the basis of two part tariff and the PPA was concluded with the petitioner on 03.06.2006.
5. The salient features of the PPA between the petitioner and the respondent are as follows:
 - (a) The agreement is for a period of 30 years.
 - (b) The tariff is a two part tariff, worked out as per the Tariff Regulations of Central Electricity Regulatory Commission and Orissa Electricity Regulatory Commission.
 - (c) The tariff is based on the cost of the project cleared by the State Technical Committee.

6. During the course of hearing, the petitioner as also the respondent prayed for approval of the PPA. The respondent during the course of the hearing clarified that the project cost includes the cost of transmission line from the project site upto the grid substation at Jaynagar at 66 KV. But in reality the transmission link will be at 132 KV without exceeding the estimated cost of Rs.42.00 crore. The Commission expressed apprehension that the capital cost of Rs.42 crore (envisaged during the year 2002-03, when the MoU was signed between the respondent and Govt. of Orissa) would go up by the time of completion of the project and the levelised tariff of Rs.2.16 as projected in the report would accordingly escalate. The respondent submitted that it will adhere to the Rs.42 crore level by convincing other IPPs coming up in that area to use its 132 KV (tie) line to transfer their power to Jayanagar S/S and also to share the cost. It promised to adopt suitable economic measures so that levelised tariff of Rs.2.16 will not be enhanced. The Commission accepted the commitment made by the respondent in this respect.
7. The Commission noticed certain significant discrepancies in the PPA document as mentioned below:
 - (i) At page 11 of the PPA, the licensees or the distribution companies should be incorporated in the list of utilities to whom the sale of all forms of electrical power is proposed to be made.
 - (ii) At page-16 of the PPA, the dispatch instruction should contain additional terms and conditions as envisaged in Orissa Grid Code.
 - (iii) At page 39, clause 7.2.1, the word "Orissa" should substitute the word "State" in the 6th line.
 - (iv) In the end of the 1st para of clause 9.2.1 at page 49, the words "and the CEA (Installation & Operation of Meters) Regulation, 2006" should be added.

In view of the above, the Commission directs that the extant PPA should be thoroughly scrutinized for eliminating defects similar to the above to make it compatible with the existing Acts/Rules/Regulations etc. The revised signed PPA may be submitted incorporating necessary changes for reference and records. The Commission accords approval to the PPA subject to the condition that the power purchased by GRIDCO is meant for utilization in the state for sale to the DISTCOs.

**Sd/-
(S.K. Jena)
Member**

**Sd/-
(D.C. Sahoo)
Chairperson**