
to commission its 1st Unit without being a consumer of the Distribution Licensee during the construction stage. WESCO filed a petition in OERC alleging such illegal transfer of power from M/s VAL's CGP to M/s. SEL. It also claimed that the cross-subsidy surcharge should be payable by M/s. SEL for such open access transactions. The Commission in its Order dt.30.03.2010 in Case No.15/2010 had expressed their displeasure for such belated petition and also enquired about the status of the 220 KV transmission line between M/s VAL, a consumer of WESCO to an IPP - M/s SEL. The Commission directed the parties to have an amicable settlement among themselves. Accordingly, the Minutes had been drawn between GRIDCO, WESCO, SEL & VAL on 25.05.2011, wherein it was agreed that the power transaction between M/s VAL to M/s SEL and vice-versa upto March, 2011 would be settled as per norms of Open Access transaction and cross subsidy surcharge should be payable to WESCO. Accordingly, the cross subsidy surcharge upto March, 2011 was finalised as per the mutual agreement. But the parties could not come to any agreed methodology for settlement of power transaction beyond March, 2011. The 1st Unit of 600 MW (Unit-II) of M/s SEL was synchronized on 10.08.2010 with the Odisha/Eastern Grid through the 220 KV system between M/s SEL – Vedant and Budhipadar Grid and the Unit was declared Commercially operational on 10.11.2010. The subsequent Units i.e. Unit-1, Unit-3 & Unit-4 declared commercial operation on 30.03.2011, 19.08.2011 & 26.04.2012 respectively and were directly connected at 400 KV with the Powergrid lines through a split bus arrangement. These three units also supply power to VAL's Smelter-II, a separate entity designated as an unit of SEZ, being an export oriented industry called "M/s. VAL-SEZ" through a dedicated 400 KV DC line constructed by M/s SEL.

2. Based on the Minutes of the Meeting dt.25.05.2011 submitted by WESCO, the Commission passed an interim order dt.08.02.2012 and listed out the procedure of energy accounting and settlement of dues in Para 9 of that Order and directed the parties to comply with such stipulations. But when parties again submitted their difficulties to adhere to such stipulation, the Commission in another Interim Order dt.25.07.2012 instructed all the parties to hold a Meeting at OERC in the presence of Director (RA) and Director (Engg.) of OERC to resolve the issues arising out of energy transaction involving SEL, VAL, GRIDCO & WESCO. But no consensus could be arrived in that Meeting. Therefore, the Commission in its letter

dt.25.10.2012 directed all the parties to file their issues in writing for resolution of the dispute.

3. WESCO submitted that considering the opening and closing meter reading data provided by VAL, it is found that around 19.5997 MU of power has flown from VAL to SEL but has not been considered in the final settlement done by the parties up to 31.03.2011. WESCO, therefore, prayed the Commission to direct M/s VAL / M/s SEL to pay balance cross subsidy surcharge and also to direct M/s SEL to be a consumer of WESCO for its start up power requirement. WESCO further submitted that GRIDCO cannot collect the dues from SEL at emergency supply rate for power availed by SEL as SEL is not a consumer of GRIDCO.
4. GRIDCO submitted that up to March, 2011 transaction of power and its treatment has been settled through negotiations as per OERC order dated 08.02.2012 in Case No. 28/2011. After the above date the energy transaction cannot be treated in the same manner as it has been done upto March, 2011. After SEL came into existence and GRIDCO getting power from SEL through 400/220 kV, 2x315 MVA ICT-1&2 and Budhipadar Grid Sub-station, there became two interface points for power supply i.e one at Budhipadar end and the other at SEL end. Since the same 220KV D/C line is used by both VAL and SEL, the Apex meters installed at both the ends are to take care of export / import of power by VAL & SEL. The injection of power at SEL Bus by SEL shall be considered as purchase of GRIDCO at OERC approved rate and in turn can be treated as deemed sale to WESCO by GRIDCO at BSP rate. In case of any emergency drawl of SEL, the Commission may consider the power taken by SEL as a sale by GRIDCO and it can be billed at emergency power rate. All the consumption of power will be calculated from the readings available in the import and export meters installed at Budhipadar end and SEL end.
5. M/s SEL submitted that SEL, a generating station, is not required to be a consumer of WESCO. Further, it submitted that as per connection agreement towards connection with CTU network under long term open access, SEL can draw upto 60 MW of start up power in case of emergency. Moreover, SEL has already commissioned its entire four units each of 600 MW. Therefore, under above circumstances SEL is not intended to be a consumer of either GRIDCO or WESCO for its any emergency drawl of power. Further, regarding WESCO's submission of VAL supplying 19.5997 MU during the period July, 09 to March, 2011, VAL submitted that this power was internally supplied by VAL CPP to VAL SEZ. Since, this was internal supply of

power between VAL's unit the same was, therefore, not accounted. VAL/SEL prayed the Commission to direct GRIDCO to release the payment held up pertaining to power dues of SEL payable by GRIDCO. VAL/SEL further submitted that the Commission may direct all stakeholders to settle the billing and payment mechanism upto April, 2012.

6. OPTCL has submitted that as per direction of the Commission, the installation, joint testing and commissioning of 0.2 accuracy class ABT compliant main and check energy meters at the following metering points have been completed.
 - (a) 220 KV side of 9 Nos. Generator Transformers in CGP of M/s VAL.
 - (b) 220 KV side 4 Nos. Station Transformer of M/s VAL.
 - (c) 4 Nos. 220 KV feeders from VAL Bus to Smlter-1 of M/s VAL.
 - (d) 2 Nos. 400 KV lines feeding power to M/s VAL SEZ from switchyard of M/s SEL.
7. SLDC submitted that as per direction of the Commission the scheduling of SEL generation has been done by SLDC and has been intimated to ERLDC and posted in its website.

Commission's Observations:-

8. We have gone through the written submissions of M/s.VAL, WESCO, GRIDCO & OPTCL and also oral submissions made during hearings on different dates. It is ascertained that after several round of discussion with the parties only the issues like Installation of meter & taking joint meter reading etc. have been resolved but the substantial issues like treatment of energy transaction between SEL and VAL and vice versa, energy transactions between SEL & VAL-SEZ and the daily scheduling of generation of power of SEL are yet to be resolved.
9. In order to have an understanding of various power transactions and their utilization of power generated by M/s SEL- IPP, we looked into the simplified single line diagram of the connectivity of M/s SEL with Load Centres. It was noted that the 400 KV generating bus bar of SEL-IPP is having a split bus arrangement to which 1 unit of 600 MW (Unit-II) is connected to one split bus and the other three units commissioned little later are connected to the other split bus. The power of unit-II is fed to the 220 KV bus through a step down 400/220 KV transformers and the power flows from SEL to VAL-I and then to Budhipadar 220 KV bus of State Grid. The 220 KV DC line between VAL-I to Budhipadar transmits the power of SEL as well as

excess power generated by CGP. Sometimes a part of SEL power is utilized by VAL-I due to low generations at its CGP. The generation of other 3 units of SEL is evacuated through 400 KV DC line with 2 nos. of LILO arrangement of 400 KV POWERGRID line and also fed to VAL's Smelter-II through the dedicated 400 KV DC line.

10. In this order we are not going into the details of the status of the 400 KV DC lines from SEL to VAL Smelter-II (a Load centre), 400 KV LILO arrangements with POWERGRID as well as 220 KV DC line between VAL-I to SEL. We reserve our decisions to be addressed in a separate petition/ order regarding the legal status, operation of these transmission lines. We, at this stage, are interested only to address the limited issues on energy transactions between the parties. We note with satisfaction that the ABT-compliant export import meters with 0.2 class accuracy have been installed at all Interface points and joint meter readings and downloading of data are being carried out regularly. So there is no dispute in measurement and quantifying the power drawl of each type of transaction.
11. We have identified the following transactions which need to be resolved for compliance by the parties:

(a) Energy transfer between VAL-I to SEL during the construction stage of SEL upto the commercial operation of its 1st unit (Unit-II) i.e. upto 10.11.2010:-

There is no dispute on this matter. The parties agreed that this transaction should be regularized through Open Access transaction from VAL-I to SEL on payment of cross subsidy surcharge to the DISCOM i.e. M/s WESCO as per the Minutes of the Meeting held on 25.05.2011.

(b) The drawl of construction and start up power by SEL till the commercial operation of 2nd Unit (Unit-I) i.e. upto 30.03.2011:-

As per the Minutes of the Meeting held on 25.05.2011, the parties have agreed that power transactions between VAL CGP and SEL shall be settled through Open Access arrangement on payment of cross subsidy surcharge to DISCOM. WESCO is claiming that as per the meter reading it is yet to receive the payment for cross subsidy surcharge for an energy equivalent of 19.5997 MU from M/s SEL/VAL. As there is no difference of opinion on principles,

the factual metering data may be checked once again and the payment of cross subsidy surcharge should be made to WESCO accordingly.

(c) The treatment of drawl of construction and start up power by SEL from 01.04.2011 upto 26.04.2012 i.e. upto the commercial operation of all the 4 units of M/s SEL :-

WESCO submitted that the same Open Access transactions on payment of Cross Subsidy Surcharge needs to be continued. M/s SEL objects to the payment of Cross Subsidy Surcharge. They contend that they have utilized the power from their own unit already commissioned. Further, M/s SEL has signed a connection agreement with CTU for drawing 60 MW startup power in case of emergency; hence, they are neither a consumer of DISCOM nor of GRIDCO for drawl of start up/ emergency power, and, therefore, no cross subsidy surcharge is payable to WESCO. M/s GRIDCO contends that M/s SEL sometimes has drawn power for its emergency requirement and such transaction could be settled with them at OERC approved rate for emergency supply of power to generating companies.

We do not appreciate the contention of M/s SEL that having a connectivity arrangement with CTU empowers them to draw upto 60 MW power from a Transmission Utility like POWER GRID. As per law, any transmission utility CTU and STU is entitled only for transmission of power and not empowered to supply or enter into trading agreement with any consumer or generator. For construction and start up power for any generating company, its status is like that of a consumer and they should take power only from the Distribution Licensee. We also do not agree with the views of GRIDCO that though it is designated as nodal agency and bulk supplier, it should only be empowered to supply emergency /start up power to generating company or to an industry owning CGP. We, therefore, order that such start up power and emergency power drawn by SEL should be quantified and regularized through open access arrangement and cross subsidy surcharge is to be paid by SEL to the concerned DISCOM.

GRIDCO further claims that even after COD of M/s SEL, M/s SEL has drawn power for its emergency requirement through the 220 KV DC line between VAL-I and SEL at some time blocks. Such power drawn by SEL needs to be

quantified and be paid to them by SEL at the emergency power rate. M/s SEL claims that on monthly netting basis, it has already supplied power to the Grid. Therefore, no directional quantification of energy at different time block is required. We do not agree with the views of SEL and opine that as there is a metering facility available, the quantification of directional energy at 15 minutes time block is not an issue at all. Any power drawn by SEL from the Grid (even if on monthly netting basis it has supplied power to the Grid) shall be quantified on time block basis and paid at emergency power rate by SEL to WESCO.

The above commercial principle shall be made effective from 26.04.2011 and to be continued.

(d) The next issue to be dealt is the transaction of power generated by SEL – IPP and sold to various consumers:-

A part of the power generated by Unit-I, III & IV of SEL is supplied to VAL-II through 400 KV DC line. WESCO claims that such transaction should be treated as power sold to a consumer of DISCOM by an IPP (M/s. SEL) under Open access and, therefore, cross subsidy surcharge should be payable. They have already billed that amount to VAL-II and the amount is yet to be paid to them. This matter has been settled by the Commission in a separate order (Case No.70 of 2011) dt.17.09.2012 and it was ordered that the cross subsidy surcharge would be payable to WESCO by M/s VAL-II.

(e) The treatment of power generated by Unit-II (600MW) of SEL on split bus arrangement after its COD :-

The entire power generated by Unit-II of SEL of 600 MW is stepped down to 220 KV and is fed to 220 KV DC line to Budhipadar 220 KV S/s of OPTCL through VAL-I. Meters are available at the 400/220 KV ICT secondaries (SEL end) as well as Budhipadar S/s (OPTCL end). From both the meter reading data, the injection of any surplus of VAL-I CGP to GRIDCO or drawl by VAL-I due to less generation of its CGP from SEL can be accounted for and quantified. M/s GRIDCO claims that due to its established status in single buyer model for the State of Odisha the power injected at M/s. SEL end should be treated as if procured by GRIDCO and supplied to DISCOM at M/s VAL-I

end as a deemed supply to WESCO. WESCO, however, claims that any power drawn by VAL-I due to low generation of its CGP from SEL should be treated as open access arrangement and cross subsidy surcharge is payable to it. As long as there is surplus generation by M/s VAL-I and it supplies power to GRIDCO and all the power generated by Unit-II of SEL and the surplus of VAL-I CGP are fed to Budhipadar Grid, then the total power shall be treated as Power purchases by GRIDCO. Out of the total power, the purchases of GRIDCO attributable to M/s SEL-IPP and CGP of VAL-I are to be separately quantified and shall be paid at respective OERC approved rates. There is no differences of opinion on this matter by any party. Therefore, the issue remains to be resolved is the case of power drawn by VAL-I at the time of low generation of its CGP. As ABT compliant meters are available at all interface points, the quantification of energy drawn by VAL-I will not pose any problem. We desire that such energy should be quantified. We agree with the contentions of GRIDCO and reject the claim of WESCO on payment of cross subsidy surcharge. GRIDCO shall bill to WESCO at BSP rate for such quantum of energy and DISCOM, in turn, shall bill to VAL-I at RST.

(f) The treatment of power generated by Unit-I, III & IV (3X600 MW) of M/s SEL connected to other 400 KV split bus arrangement after its COD:-

The 3X600 MW plant has a connectivity to VAL-SEZ (a consumer) with one 400 KV DC line and 2 nos. 400 KV LILO arrangement with the POWERGRID lines. The 3x600 MW plant caters to the load requirement of VAL's Smelter-II (declared as an SEZ unit due to its status as an export oriented industry). It also sells power to the consumers of outside state of Odisha on short-term/medium-term Open Access as well as through Power Exchanges through the LILO arrangement with the POWERGRID line.

WESCO claims that as VAL's Smelter-II is a completely separate entity and can't be treated as part of VAL-I or SEL, VAL's Smelter-II should be declared as a consumer of WESCO and may draw power from the DISCOM only with required contract demand. In case the consumer VAL's Smelter-II draws power from any 3rd person (in this case from M/s SEL – the IPP), it should pay

them the cross-subsidy surcharge both for their construction power as well as during the operation stage.

M/s VAL Smelter-II & M/s SEL object to the payment of cross-subsidy surcharge on the ground that M/s VAL Smelter-II & SEL had entered into a long term (25 years) PPA and have filed the same before OERC for approval.

GRIDCO claims that all the 4 units of SEL are a composite scheme and state of Odisha has 32% share after commissioning of all the Units. The 400 KV split bus arrangement having Unit-II dedicated to the state system and the LILO connectivity with the POWERGRID line is a technical requirement of the connectivity for the time being till the completion of the full evacuation system of SEL i.e. completion of the Ib-Meramundali 400 KV line. All the power generated by SEL is deemed to be taken over by GRIDCO at both the split bus of 400 KV bus bar and after availing its 32% share and meeting the requirement of VAL-II, they would allow Open Access to SEL for trading to the outside State in CTU lines. They want the commercial arrangement and scheduling should be done accordingly. All UI transactions with the Eastern Grid should be settled with them only. M/s SEL being an embedded generator of the State having only the PPA with GRIDCO and VAL's Smelter-II, it should not have any direct Unscheduled Interchange (UI) arrangement with Eastern Grid. SLDC should schedule SEL power accordingly and ensure that the schedule is properly reflected in the Implemented Schedule of the Eastern Region and the UI statement being prepared by ERLDC and ERPC.

SLDC informs that they are making the schedule of SEL and posting it in their Website but yet to take up the matter with ERLDC and ERPC for reflecting the same in the Eastern Region implemented schedule.

M/s SEL objects to the contentions of GRIDCO & SLDC and submit that as they have undertaken the long-term BPTA with POWERGRID, the existing Implementable Schedule of Eastern Region and the UI effect of M/s SEL directly with Eastern Grid should continue.

We do not agree with the views of M/s SEL. M/s SEL – the IPP has only the long-term PPA with VAL-II & GRIDCO for its total capacity and for all the practical purpose, it is a state embedded generator and GRIDCO has every right to avail all the

power generated at the bus bar for scheduling purpose. It is reiterated that the power drawn by VAL's Smelter II need to be regularised through Open Access arrangement and cross-subsidy surcharge is payable to WESCO as per its earlier Order No.70/2011.

SLDC shall schedule the total power of M/s SEL and ensure that it is reflected in the implemented day ahead schedule of ERLDC and weekly UI statement prepared by ERLDC.

12. With the above observation, we order the petition of WESCO is disposed of.

Sd/-
(S. P. Swain)
Member

Sd/-
(B. K. Misra)
Member

Sd/-
(S. P. Nanda)
Chairperson