

**ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
UNIT-VIII, BHUBANESWAR - 751 012**

**Present: Shri S. P. Nanda, Chairperson
Shri S. P. Swain, Member
Shri A. K. Das, Member**

Case No. 78/2014

GRIDCO Limited	Petitioner
Vrs.		
M/s. Nava Bharat Ventures Limited (IPP) & Another	Respondents

In the matter of: **An application under Section 86 of the Electricity Act, 2003 read with Section 21 of the OER Act, 1995 and other enabling provisions for seeking approval of the revised Power Purchase Agreement dated 31.10.2014 and the amended PPA dated 23.09.2015 executed between GRIDCO Limited and M/s. NBVL for procurement of power from its 60 MW IPP.**

For Petitioner: Ms. Susmita Mohanty, Manager (Elect.), GRIDCO Ltd.,

For Respondent: Shri Ashok Kumar Parida, Chief Resident Manager, M/s. NBVL, Shri S. K. Choudhury, M/s. NBVL and Ms. Niharika Pattnayak, Assistant Law Officer, DoE, GoO.

Order

Date of hearing: 13.10.2015

Date of order: 26.11.2015

The factual matrix of the case is that GRIDCO Ltd. had executed a PPA with M/s. Nava Bharat Ventures Limited- Independent Power Producer (NBVL-IPP) on 04.01.2011 to purchase State share of power from its 2 x 64 MW thermal power plant. Subsequently GRIDCO entered into a revised PPA on 31.10.2014 with M/s. NBVL-IPP as per the direction of the State Government for purchase of power from 1 x 64 MW thermal generating unit basing on the thermal policy of the State Government and treating the subject thermal unit as an IPP. Now GRIDCO has submitted the said PPA for approval.

2. The matter was first taken up for hearing on 05.05.2015. During the hearing the representative of M/s. NBVL-IPP had submitted that they had set up the third unit as an IPP having 64 MW capacity in the same premises of the existing two CGPs of the parent company M/s. NBVL and accordingly PPA was signed with GRIDCO Ltd. But during

the test to demonstrate Maximum Continuous Rating (MCR), the machine could not generate the rated output of 64 MW on continuous basis. The average generation was found to be 61.76 MW. Hence, they had requested the State Government to revise the installed capacity to 60 MW instead of 64 MW and their application was pending for consideration of the State Government. Therefore, M/s. NBVL-IPP prayed for adjournment of hearing on that day to some other date.

3. GRIDCO, during the said hearing on 05.05.2015, had submitted that joint observation report of MCR test regarding installed capacity of the generating unit has been submitted to the State Government on 06.01.2015 for consideration. GRIDCO further submitted that during demonstration of MCR, they have observed some commonality between the existing CGP units and the IPP unit of M/s. NBVL-IPP situated in the same premises and prayed the Commission to implead the concerned Chief Electrical Inspector as a party to the present proceeding. The prayers of both the parties were allowed and the concerned CEI was directed to file his reply.
4. The matter was next taken up for hearing on 13.10.2015. The petitioner GRIDCO Ltd. stated that as per joint observation report of MCR test, there is an anomaly of the ratings of the Boiler, Turbine and the Generator. It was observed that though the name plate details of the generating unit indicates the capacity as 64 MW, during MCR test the average generation achieved was 61.76 MW. GRIDCO Ltd. stated that the facts of the said joint observation report along with report on commonality between existing CGP units and the IPP unit of M/s. NBVL-IPP were submitted to the Department of Energy, Govt. of Odisha vide its letter dated 06.01.2015. The Deptt. of Energy, Govt. of Odisha vide their letter dated 03.08.2015 have intimated GRIDCO Ltd. that after careful examination of the aforesaid Joint Observation Report on MCR and the views of EIC (Elect.)-cum-PCEI (O), the State Govt. have been pleased to assess the output capacity or the MCR of the said generating unit of M/s. NBVL-IPP to be 60 MW on the basis of manufacture's guaranteed output declaration. The Government further directed GRIDCO Ltd. to do the needful and amend the PPA signed with M/s. NBVL-IPP on 31.10.2014 in respect of the capacity of IPP and treating the same to be 60 MW instead of 64 MW. Accordingly, GRIDCO Ltd. has amended the PPA and executed the supplementary PPA

on 23.09.2015 incorporating the direction of the State Government and submitted the same for approval of the Commission.

5. GRIDCO Ltd. has further submitted that the respondent M/s. NBVL-IPP has requested GRIDCO Ltd. to allow the declaration of Commercial Operation Date (COD) of its 60 MW power plant (IPP) based on the successful demonstration of MCR test from 18.12.2014 to 20.12.2014. But as per the OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2014, the installed capacity of a generating station is defined as:

“Installed Capacity or IC means summation of the name plate capacities of all units of the generating station or the capacity of the generating station (reckoned at the generator terminals), approved by the Commission from time to time.”

Based on the above definition, the installed capacity is to be either the name plate capacities of all the units of the generating station or the capacity of the generating station reckoned at the generator terminals. In the present case the average capacity reckoned at the generator terminals being 61.76 MW, it may be commercially prudent to declare the installed capacity of the power plant of the respondent M/s. NBVL-IPP accordingly. It is in the discretion of the Commission to approve the installed capacity of the generating station.

6. In view of the above GRIDCO Ltd. prayed the Commission to;
- Approve the appropriate installed capacity of power plant of the respondent M/s. NBVL-IPP as per OERC Generation Tariff Regulations, 2014;
 - Consider to examine whether the said power plant of M/s. NBVL-IPP qualifies as an IPP;
 - Approve the revised PPA dated 31.10.2014 along with the supplementary PPA dated 23.09.2015 submitted by GRIDCO Ltd. with or without modifications;
 - Direct the respondent M/s. NBVL-IPP to demonstrate MCR test afresh in presence of the representatives of GRIDCO Ltd., CESU, OPTCL and the Chief Electrical Inspector; and

- Direct the respondent M/s. NBVL-IPP to file the tariff application for determination of tariff in respect of its power plant.
7. The respondent M/s. NBVL-IPP submitted that the MCR test of the said generating unit of 1x64 MW IPP was conducted for 72 hours starting from 00:00 hrs. of 18.12.2014, wherein it was noticed that the average generation of IPP was 61.76 MW as the boiler rating is 60 MW and turbine rating is 60 MW. Hence, M/s. NBVL-IPP requested the State Govt. to revise the installed capacity of IPP from 64 MW to 60 MW in order to match the BTG rating and the Govt. was pleased to accept the request of M/s NBVL-IPP. Accordingly, GRIDCO Ltd. amended the PPA dated 31.10.2014 and signed the supplementary PPA with M/s. NBVL-IPP on 23.09.2015 by replacing the installed capacity of 64 MW to 60 MW which has been submitted before the Commission for approval. M/s. NBVL-IPP further submitted that since the installed capacity of the subject generating unit is concluded to be 60 MW, which has already been established in the MCR test and PPA has been amended accordingly, further demonstration of the MCR test is no more required. After approval of the PPA by the Commission M/s. NBVL-IPP shall file the tariff application for determination of variable cost in respect of the said IPP.
 8. M/s. NBVL-IPP further submitted that prior to the visit of GRIDCO team on 18.12.2014, a minutes of meeting was drawn between GRIDCO, OPTCL, CESU and M/s. NBVL on 05.11.2012 on the metering scheme and billing methodology for injection and drawal of power by 2 nos. of CGP units and 1 no. of IPP Unit of M/s. NBVL-IPP connected to the same 132 KV Bus inside the plant premises.
 9. Heard the parties at length and case records were perused. GRIDCO Ltd. has submitted the revised PPA, executed with M/s. NBVL-IPP on 31.10.2014 for procurement of State share of power from 1X64 MW generating unit, for approval with certain reservations mentioned in the prayer at para-6 above. It has submitted to the Commission regarding consideration of the power plant if it qualifies for IPP or otherwise. No specific issues with regard to law, technical, financial or otherwise have been raised by GRIDCO and the submission lacks clarity. In absence of any such specific issues, counter reply from the respondents and effect on the prayer of M/s. NBVL-IPP, the Commission is not inclined to consider such open ended submissions.

10. We observe that GM, IPICOL in its letter dated 09.12.2010 (enclosed at Annexure-1 of the application of GRIDCO) has accorded in principle approval for signing of MoU between Govt. of Odisha and M/s. NBVL-IPP considering the subject 64 MW generating unit as an IPP. Further, the State Govt. in its letter dated 15.10.2014 have directed GRIDCO to sign PPA with M/s. NBVL-IPP treating the unit as an IPP. Thereafter, GRIDCO has signed the revised PPA dated 31.10.2014. This has also been reiterated by the State Govt. in its letter to GRIDCO dated 03.08.2015, considering the subject generating unit as an IPP with installed capacity of 60 MW. It appears to the Commission that the concern of GRIDCO has already been addressed by the State Govt. No issues were raised by GRIDCO Ltd. at that time as is being done now. GRIDCO itself has signed revised PPA with M/s. NBVL-IPP without any protest or objection. Therefore, the Commission is not inclined to accept the contention of GRIDCO at this stage to examine whether the power plant qualifies as an IPP or not. The issue is decided to have been settled by the State Govt. and also accepted by GRIDCO.
11. GRIDCO has sought for approval of the revised PPA dated 31.10.2014 and the amended supplementary PPA dated 23.09.2015 “with or without modification as deem proper”. On this issue, GRIDCO also has not come out with any specific proposal for modification, what it wants and which has not been raised or answered by the respondents. Therefore, such request for modification is without any clarity and merit. The Commission, therefore, not inclined to offer views on unidentified issues.
12. Regarding MCR of the Unit, it is observed from the Joint Observation Report that during the test for demonstration of maximum continuation rating, the generating unit could not generate 64 MW on continuous basis which is the installed capacity as per the revised PPA. In the Joint Observation Report, it is mentioned that;
- “Further as per the Heat Mass Balance diagram, provided by the manufacturer, the generator output is 60.258 MW at the Turbine Rated Power and with Valve Wide Open condition the generator output is 64.727 MW, i.e., the maximum output with overload”.*
- In the report, it is also mentioned in presence of GRIDCO that the generating unit attained the average continuous rating of 61.76 MW for 72 hrs. The respondent M/s NBVL-IPP has stated that though the rating of generator is mentioned as 64 MW in the

name plate, it could not operate continuously at this rating since the rated capacity of the boiler is 60 MW and that of the turbine is also 60 MW.

13. It is also observed that as per the Joint Observation Report, the subject generating unit of M/s NBVL-IPP could not generate the rated output of 64 MW on continuous basis which was the installed capacity as per the PPA. The Report was examined and accepted by the State Govt. with due verification and has concurred in August, 2015 for the output capacity to be taken as 60 MW only and the State Govt. have also instructed GRIDCO to amend the PPA considering the capacity of the IPP as 60 MW instead of 64 MW. The Concerns of GRIDCO now raised have already been considered by the State Govt. and no objection was raised by GRIDCO at that time. Therefore, the issue as already been resolved by the State Govt., the Commission is not inclined to accept the plea of GRIDCO on the same now. While doing so, the commonality of the facilities between CGP units and IPP appears to have been examined by the State Govt. and instructions were issued to GRIDCO to sign the PPA with M/s. NBVL-IPP treating the subject generating unit as an IPP by settling the issue to rest. Therefore, such issue has no ground for survival at this stage.
14. Further, as per MoM dated 5.11.2012 between GRIDCO, OPTCL, CESU and M/s. NBVL, billing methodology for injection/drawl of power by two CGP units of M/s NBVL and the subject IPP unit connected to the same 132kV Bus in the plant premises, has also been decided.
15. In view of the above, GRIDCO's concern regarding status of the subject generating unit of M/s NBVL-IPP, installed capacity and MCR, commonality loaded on auxiliaries and metering issues etc. have already been addressed and settled. Moreover, on such settlement, GRIDCO has signed the supplementary PPA dated 23.09.2015 for procurement of State share of power from the 60 MW generating unit of M/s NBVL-IPP, the same forming part of the revised PPA dated 31.10.2014. Therefore, the Commission does not notice any inconsistency in the approach of Govt. and after scrutiny of both the revised PPA dated 31.10.2014 and supplementary PPA dated 23.09.2015, accords approval for procurement of State share of power by GRIDCO from M/s. NBVL-IPP.

16. In view of the concluded MCR test and acceptance of Joint Observation Report by the State Govt., we feel that there is no requirement for further MCR test of the subject 60 MW generating plant for the purpose of declaration of COD. The Commission, therefore, directs both the petitioner GRIDCO and the respondent M/s. NBVL-IPP to file application before this Commission for determination of tariff for State share of power to be purchased by GRIDCO.
17. With the above directions the case is disposed of.

Sd/-
(A.K. Das)
Member

Sd/-
(S.P. Swain)
Member

Sd/-
(S.P. Nanda)
Chairperson