

**ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
PLOT NO.-4, CHUNUKOLI, SHAILASHREE VIHAR
BHUBANESWAR - 751 021**

**Present: Shri U. N. Behera, Chairperson
 Shri S. K. Parhi, Member
 Shri G. Mohapatra, Member**

Case No. 67/2019

GRIDCO Ltd.	Petitioner
Vrs.		
OPGC & Others	Respondents

In the matter of: **Application under S. 86 of the Electricity Act, 2003 read with Section 21 of the OER Act, 1995 and other enabling provisions for approval of Supplementary Power Purchase Agreement (PPA) executed between OPGC Ltd. and GRIDCO Ltd. dated 24.01.2019 and draft amendment to PPA-2 dtd.04.01.2011 for procurement of power from Units- 3 & 4 (2X660MW) of OPGC extension project in compliance with the notifications dtd.21.06.2008 and 12.10.2019 of the State Government.**

For Petitioner: Ms. Susmita Mohanty, AGM (PP) of GRIDCO.

For Respondent: Shri Sitesh Mukharjee, Sr. Advocate on behalf of OPGC Ltd., Shri B.K. Das, GM (RT & C) of OPTCL, Shri P. K. Pradhan, Shri R. P. Mahapatra and Ms. Niharika Pattanaik, ALO, DoE, GoO.

ORDER

Date of hearing: 05.01.2021

Date of order: 22.06.2021

The petitioner GRIDCO Limited has filed the present application seeking approval of Supplementary Power Purchase Agreement dated 24.01.2019 to PPA-2 executed between OPGC Ltd. and GRIDCO Ltd. dtd.04.01.2011 and draft amendment in PPA-2 for procurement of power from Units- 3 & 4 (2x660MW) of OPGC extension project.

2. GRIDCO has submitted that as per GoO notification dtd.17.08.2006, it is operating as the “State Designated Entity” for procurement of power from different generating sources to meet the state demand. Accordingly, it has executed the PPA dtd.04.01.2011 (termed as PPA-2) with OPGC for procurement of power from Units- 3 & 4 (2X660MW) of OPGC extension project in compliance with the notifications dtd.21.06.2008 and 12.10.2019 of the State Government. The salient features of the PPA are as follows:

- a) PPA shall be partially effective from the date of execution and the same shall be in force upto completion of 25 years from the date of commercial operation of last unit of the project.
- b) The Agreement shall be completely effective upon fulfilment of certain Conditions Precedent as per Article 2A of the PPA 2.
- c) 50% of the total capacity of the expansion units shall be allocated to GRIDCO subject to the condition laid down in the Government notification.
- d) The scheduled commercial operation date of #3 and #4 is 48 month & 54 months respectively from the date of Financial Closure.
- e) Separate letter of credit mechanism is to be provided for expansion project. Also, the escrow mechanism for the same shall be implemented through the existing escrow mechanism (provided for Units 1 & 2). GRIDCO and OPGC shall have to sign a Supplemental Escrow Agreement so as to give effect to the said provision.
- f) GRIDCO shall file the PPA before OERC for approval of the same and OPGC shall file the tariff petition before Appropriate Commission and the tariff norms and parameter shall be as per the guidelines of CERC Tariff Regulations as may be notified from time to time.

3. The Commission vide its order dtd.04.04.2012 passed in Case No.113 of 2011, has approved the above PPA-2 with the following observation:

"13. GRIDCO has stated in its affidavit dated 30.12.2011 that "GRIDCO shall be responsible for evacuation of its allocated capacity from the power station bus as per its own arrangement with the CTU/STU." The Commission has observed that in Case No. 71/2011 in the matter of seeking approval of the Evacuation Plan of OPTCL, GRIDCO in its affidavit dated 30.11.2011 has submitted vide para 7 dealing with Transmission/Wheeling of Power that "State share of power shall be made available to GRIDCO by (IPP) at the Bus bar of OPTCL nearest EHV Sub-station at required voltage level. OPTCL as STU with the help of GoO will assist (IPP) in getting clearance/approvals within the State jurisdiction. XXXXXXXXX". We direct that instead of addressing the connectivity issue in such generic nature, in the subject PPA GRIDCO should clearly identify the name of sub-station where the full or State share of power shall be evacuated as per State transmission plan. GRIDCO must incorporate suitable provision for evacuation of power which is to be adopted in the present situation. However, the decision of the OERC in this regard for which hearing has been taken up on evacuation plan of OPTCL will be mutatis mutandis applicable in this case.

14. *In view of the above, we approve the PPA 2 between GRIDCO and OPGC considering Govt. of Odisha notifications and keeping in view the technological advantages and the interest of the state.*
15. *We further direct GRIDCO that the copy of the amended PPA 2 may be submitted before the Commission by 31st July, 2012 for our perusal."*
4. GRIDCO has stated that the final order dtd.31.07.2016 passed in case No.71 of 2011 has no specific direction as such regarding evacuation of power by IPP and the PPA-2 had not yet been amended. However, in the meantime the Government of Odisha vide its notification No.10485 dtd. 20.12.2018 have notified as follows:

"After careful consideration, Government have been pleased to approve the arrangement worked out in the "Shareholder's meeting of OPGC" to contract the PPA for the entire capacity of Unit 3 & 4 between OPGC and GRIDCO in the following manner:

- i) OPGC and GRIDCO shall execute a Supplementary Agreement to the existing PPA on same terms as the executed PPA for 50% (660 MW), for another 25% (330 MW) of OPGC expansion capacity, to be effective from COD of Units 3 & 4, till 31st March, 2023. The Supplementary Agreement shall also include enhancement of the PPA from 75% to 100% from 1st April 2023 for a period of 25 years thereafter.*
- ii) Supplementary Agreement shall provide for amendment of the existing PPA for 50% of OPGC-II expansion capacity (660 MW) to be co-terminus with the arrangement as proposed in (i) above and to incorporate changes with respect to coal sourcing from OCPL.*
- iii) Further, OPGC and GRIDCO will enter into a separate Power Purchase Agreement for balance 50% of Unit-4 (330 MW) for first four years on best effort basis with mutually agreed margin for GRIDCO. The agreed threshold limit of tariff would be Energy Charge Rate (ECR) (Variable Cost). The net excess amount, if any, realised over and above the total tariff (fixed charges and for energy charges rate), other direct expenses and the mutually agreed margin of GRIDCO shall be shared equally between OPGC and GRIDCO for their portion of the capacity.*
- iv) OPGC should ensure that it is not classified as NPA with any FIs/Banks and drawal of loan would continue as required for completion of the project. It should also endeavour for achieving cost savings to manage the cash flows, without insisting for further equity from shareholders to support cash loss situation, if any.*
- v) OPGC, GRIDCO and OPTCL shall ensure evacuation of the entire capacity of expansion project of OPGC through STU (OPTCL) network in due course.*
- vi) Shareholders would infuse the committed equity in OPGC and OCPL for completion of the project in time so as to allow timely drawal of loan.*
- vii) OPGC, GRIDCO, OPTCL and Department of Energy, Government of Odisha will take necessary approval from OERC for above arrangements."*

5. Accordingly, GRIDCO has entered into a Supplementary PPA to PPA-2 on 24.01.2019 for procurement of 75% of power from OPGC expansion units 3 & 4 from the COD till 31.03.2023 and thereafter 100% power till completion of 25 years i.e. March, 2048. The salient features of this Supplementary PPA dtd. 24.01.2019 are as follows:

- a) *The Contracted Capacity from Units #3 & #4 shall be equal to 75% of the Installed Capacity from the Commercial Operation Date (COD) of the Power Station till 31st March 2023. Thereafter, from 1st April 2023 for a further period of 25 years there from, the Contracted Capacity shall be enhanced to 100% of the Installed Capacity.*
- b) *The Tariff for such Contracted Capacity shall be determined in accordance with the CERC Tariff Regulations as envisaged in PPA-2.*
- c) *To give effect to the above arrangements described in (a) above, and to record the supply of coal from OCPL, specific provisions of the existing PPA-2 as set forth in Annexure –B, are hereby amended to include the enhanced Contracted Capacity and forms an integral part of this Supplementary Agreement.*
- d) *GRIDCO intends to schedule all power from OPGC Expansion Project (Unit #3 and #4) through the OPTCL (STU) network and pay all the applicable charges thereof.*
- e) *Payment liability of any potential Point of Connection (POC) Charges and Losses associated with the usage of CTU network with respect to the additional power beyond 50% of station capacity if scheduled from Unit-4, will be mutually settled between GRIDCO and OPGC at a later stage.*
- f) *This Supplementary Agreement shall become effective from the date of its execution.*
- g) *The amendments made by this Supplementary Agreement shall form an integral part of PPA-2 and on and from the date hereof any reference to PPA-2, shall include a reference to PPA-2, with amendments made in this Supplementary Agreement. This Supplementary Agreement together with PPA-2 shall be read and construed as one document.*
- h) *Except for the amendments made to PPA-2 as provided in this Supplementary Agreement, all the other terms and conditions of PPA-2, shall remain in full force and effect.*
- i) *This Supplementary Agreement may be executed in two (2) counterparts by the Parties, each of which when so executed and delivered shall be an original and the other counterpart shall together constitute one and the same instrument.*
- j) *This Supplementary Agreement shall be governed by, and construed in accordance with the laws of India and the dispute resolution procedure set out at Clause 17.3 of PPA-2 shall apply mutatis mutandis to this Supplementary Agreement.*
- k) *Capitalised terms used but not defined in this Supplementary Agreement have the same meaning ascribed to them in PPA-2.*

- l) The PPA-2 (Dated 04.01.2011) will be suitably amended in line with the Government of Odisha Notification 10485 dtd. 20.12.2018, direction of OERC vide order dated. 04.04.2012 in Case No.113 of 2011 and this Supplementary Agreement. The Supplementary Agreement and the amended PPA 2 shall be filed before OERC for necessary approval.*
6. GRIDCO has submitted that fulfilment of 'condition precedents' is essential to make PPA to be effective. OPGC had intimated GRIDCO regarding fulfilment of 'condition precedents' along with request for waiver of certain conditions and declaration of 20.12.2018 as the effective date. The matter is yet to be decided and confirmed by GRIDCO. Once decided it shall be apprised to the Commission. Further, PPA-2 requires some modifications in line with the Supplementary PPA dtd. 24.01.2019 and as per the directions of the Commission at para 13 & 15 of its order dtd.04.04.2012 passed in Case No.113 of 2011, which is under process and shall be filed before the Commission after completion. GRIDCO has further submitted that in the meantime OPGC has declared the COD of unit-3 and unit-4 of its expansion project with effect from 03.07.2019 and 21.08.2019 respectively.
7. GRIDCO has further submitted that OPGC was allotted Manoharpur and Dip Side Manoharpur coal blocks in July, 2017 under government dispensing route and had commenced development of the coal block. However, Hon'ble Supreme Court of India vide their judgement in September, 2014 cancelled all the coal blocks for captive use, both power and non-power purposes and accordingly the coal blocks allotted to OPGC were also de-allocated. However, in accordance with Coal Mine Special Provisions Act, 2015 and Rules thereunder, the Manoharpur and Dip Side Manoharpur coal blocks were allotted to Odisha Coal and Power Ltd. (OCPL), a joint venture company of OPGC holding 51% equity share and OHPC holding 49% equity shares, for the end use of OPGC expansion projects i.e. Units- 3, 4, 5 & 6. Further, OPGC has executed MoU dtd.12.06.2017 followed by extension of MoU dtd.10.10.2018 and Agreement dtd.16.03.2019 (valid upto 31.03.2022) with MCL for supply of Bridge Linkage Coal for Unit 3 & 4.
8. In view of the above, GRIDCO has prayed the Commission to approve the supplementary PPA dtd.24.01.2019 and allow three months time to file the draft amendment to PPA-2 dtd.04.01.2011 in line with the supplementary PPA.
9. The respondent Shri P. K. Pradhan submitted that as per the long term LGBR prepared by GRIDCO, it will be having surplus power from FY 2020-21 to FY 2028-29 and

will have some deficit of power from FY 2029-30 to FY 2033-34 during peak hours only. However, in this LGBR GRIDCO has not considered the following:

- a) Phasing out of NTPC power stations having high cost power
 - b) State share of power from Darlipalli STPS of NTPC
10. Shri Pradhan further submitted that GRIDCO is not interested to take power from Kanti Bijli and Barh-I projects of NTPC as per the decision of the GRIDCO's Board. But the PPAs of these projects will not be terminated if allocation is not made to some other states. Further many PPAs of IPPs as per MoU with GoO with GRIDCO have not materialised and are not expected to be commissioned. Regarding the IPPs i.e. LANCO, Monnet, Ind Bharat, NBVL & KVK Nilachal, the PPAs executed by GRIDCO need to be terminated immediately since nothing has progressed till now or else GRIDCO will be in trouble and enter into legal complications once someone takes the project under NCLT.
11. He further submitted that that the DoE, GoO approved for enhanced contracted capacity of GRIDCO from OPGC expansion projects in a phased manner after a exhaustive discussion and deliberation of a committee where both Director (Commercial) and Director (Finance) of GRIDCO were members. Now, GRIDCO must explain who will bear the fixed charges of the enhanced capacity in such a surplus power situation. Further, OPGC has relinquished the long term open access to CTU/PGCIL and PGCIL has filed a petition in CERC disputing the mode of operation of the generating units which is now sub-judice. GRIDCO should clarify who will bear the relinquished charges for surrendering the LTA and in case the CERC order does not go in favour of GRIDCO/OPGC who will bear the burden of transmission charges of CTU. He submitted that Faraka STPS-I, Kahelgaon STPS-I and TSTPS-I (Kanhia) are completing 25 years w.e.f. 03.06.2021, 31.07.2021 and 30.06.2022 respectively. Hence GRIDCO is in a position to surrender costly power of about 4608.87 MU from these power stations which can accommodate 4556 MU from the 50% capacity of units 3 & 4 of OPGC. In case GRIDCO avails 100% capacity of OPGC, there will be surplus power and in such a scenario because of poor market condition, GRIDCO will not be able to sell the surplus power fully and would incur the burden of fixed cost. Therefore, the PPA for units 3 & 4 of OPGC may be effected from 01.04.2023 with mutually agreed margin for GRIDCO. The net excess amount, if any, realised over and above the total tariff, other direct expenses and the mutually agreed margin of

GRIDCO shall be shared equally between OPGC and GRIDCO. Alternatively, GRIDCO/OPGC should bear the burden of fixed cost for such surplus power. In view of the above he has prayed the Commission not to approve the supplementary PPA in the present form. If approved, the effective date should be 01.04.2023 or else directions should be made to OPGC to bear the fixed cost charges for the excess generation made by OPGC beyond 50%. Any loss due to the extra burden of power beyond 50% of generation of Units- 3& 4 and sold to GRIDCO should not be passed on to the consumers of the state.

12. The respondent-Shri R. P. Mahapatra supported the submission made by Shri P.K. Pradhan. In addition, he stated that the PPA-2 and the present supplementary agreement to PPA-2 should be clubbed to a single PPA. When the PPA-2 has not been approved fully, the supplementary agreement to PPA-2 should not be considered by the Commission separately. The Commission should direct GRIDCO to file a single PPA for the expansion Units-3 & 4 of OPGC. Alternatively, the Commission may direct GRIDCO to submit draft amendment to PPA-2 dated 04.01.2011 in line with the supplementary PPA dated 24.01.2019, for approval of both the PPAs. He further stated that the surplus power with GRIDCO is about 10000 MU, if generation from Darlipalli STPS is considered. Hence, the present PPA, if approved now, will go against the interest of the state consumers.
13. The Respondent-OPGC has submitted that at present the evacuation scheme for 100% power from Units-3 & 4 is through the OPTCL's Intra-State network. Thus, the transmission charges for use of OPTCL's network are being borne by GRIDCO on an aggregate, state-wide basis. Now OPGC is operating its expansion project units in close bus operation mode (i.e. the bus coupler between Units-3 and 4 is in closed condition) under the directions of CERC as agreed in the meeting on 20.11.2019 at ERPC and another meeting held by CEA on 14.02.2020. Further, after CoD of Unit-4 in August, 2019, the operational experience substantiates that there is no technical constraints in such close bus operation.
14. OPGC has submitted that it has relinquished the entirety of its erstwhile Inter-state long term open access with CTU, which is accepted by CTU w.e.f. 01.01.2019. The issue of quantification of relinquishment charges liability is sub-judice before the APTEL in Appeal No. 322 of 2019 and DFR No. 19 of 2020. The relinquishment charges levied by CTU under CERC Regulations will not be passed on to GRIDCO.

However, user entities are liable to bear certain charges under the said CERC Regulations for the actual use of transmission line post-relinquishment of LTA by OPGC. In terms of CERC order dated 08.03.2019 in petition no. 92/MP/2015 and CERC's extant Regulations, such charges will not be borne by OPGC. OPGC has further submitted that as per the judgment dated 21.10.2020 of APTEL, certain transmission charges of approximately Rs.14 Crore has fastened on OPGC for the ISTS licensee i.e. Odisha Generation Phase-II Transmission Limited (OGPTL) in respect of past periods (between 30.08.2017 and 26.12.2018), which has already been deposited by OPGC as recorded in the said judgment of APTEL. The said charges paid to CTU form a part of the generation capital cost, subject to prudence check by this Commission.

15. Replying to the query raised by GRIDCO during proceeding of the case, OPGC has stated that implications of capacity charge reimbursement by GRIDCO till commercial operation of captive coal mine and MGR as provided under Annexure-D to Schedule-4 of PPA dated 04.01.2011, is presently under consideration by OPGC Board and will be intimated to GRIDCO as soon as a final decision is taken. Replying to GRIDCO on relinquishment charges of CTU, OPGC has submitted that any relinquishment charges payable to CTU on account of relinquishment of OPGC's LTA of 600 MW, shall not be claimed by OPGC from GRIDCO and therefore, there shall be no financial implication in respect of such charges on GRIDCO. Further, as required by GRIDCO, OPGC has furnished the list and status of various ongoing case matters pertaining to Unit-4 with CTU.
16. The Department of Energy, GoO has submitted that OPGC is a generating company of the State of Odisha with the main objective of establishing, operating and maintaining thermal power generating stations. At present Govt. owns 51% equity in OPGC and in the process of acquiring balance 49% equity of AES through OHPC very soon. In compliance of the Govt. notification dtd.21.06.2008 and 12.10.2009 GRIDCO has executed PPA dtd. 04.01.2011 (PPA 2) for procurement of 50% capacity of the expansion units 3 & 4 which has been approved by the Commission. Subsequently, GoO vide its notification No.10485 dtd.20.12.2018 have notified to tie up the entire power from the units 3 & 4 of OPGC with GRIDCO in a mutually beneficial arrangement to enhance the long term energy security of the state. Accordingly a supplementary PPA to PPA-2 was executed between GRIDCO and OPGC on

- 24.01.2019 for procurement of 75% of power from the COD of the said units till 31.03.2023 and 100% power from 01.04.2023 till completion of 25 years, i.e. March 2048.
17. The DoE has further submitted that OPGC has fulfilled the pre-condition set by the Commission in its order dtd.04.04.2012 in case No.113 of 2011 in so far as the entire power from OPGC expansion project will be through the STU network. Further the expansion units 3 & 4 of OPGC and the dedicated coal mines allotted to OCPL have been established at estimated cost of over Rs.12,000 crore. With dedicated coal mines and railways corridor, OPGC will be a reliable source of power to the state grid and Odisha's energy security and stability will be established over the long term if the enhanced capacity from OPGC expansion project is approved. As submitted by GRIDCO, power procured from OPGC expansion units is expected to be cost effective as compared to other sources. Keeping in view the investment already incurred by the Government and long term energy security of the state, this power is required to be procured by GRIDCO. Thus, the approval of supplementary PPA dated 24.01.2019 and draft amendment to PPA-2 dated 04.01.2011 will be in public interest for the state. In light of the above the DoE prayed the Commission to approve the supplementary PPA dtd. 24.01.2019 and the draft amendment to PPA-2 executed between GRIDCO and OPGC Ltd.
18. The Commission vide its interim order dated 20.10.2020 in the present petition had directed GRIDCO to file the following information:
- a) The quantum of relinquishment charges and the other recurring charges to be paid to CTU in respect of tie line connected to CTU and the charges to be paid to the CTU if the relinquishment proposal is not accepted.
 - b) The status of surplus power available with it and the burden of fixed cost on account of this surplus power.
 - c) The LGBR for a period of 10 years starting from the current financial year indicating the estimated power availability from different sources, power demand of the State and treatment of surplus power, if any.
19. In its rejoinder GRIDCO has submitted that it does not have all required data/information and documents for working out the amount of relinquishment charges payable by OPGC to CTU. However, as submitted by OPGC, it has relinquished the

entirety of its erstwhile inter-state LTA with CTU which was accepted w.e.f. 01.01.2019. Further the issue of quantification of relinquishment charge liability is sub-judice before APTEL and the OPGC would be the default player for all or any relinquishment charges as per the extant CERC Regulation. The relinquishment charges levied by CTU will not be passed on to GRIDCO. However under CERC Regulations, user entities are liable to bear certain charges for the actual use of transmission line post relinquishment of LTA by OPGC. In terms of CERC order dated 08.05.2019 in petition No.92/MP/2015 and CERC's extant Regulations, such charges will not be borne by OPGC. Further vide judgments dated 21.10.2020 in Appeal No.06 of 2020 APTEL has directed OPGC to make payment of Rs.14 crore pertaining to the period from 30.08.2017 to 26.12.2018 to the OGPTL (Odisha Generation Phase II Transmission Ltd.), the ISTS Licensee who owns the OPGC-Jharsuguda 400 KV D/C line. This amount has already been paid by OPGC and OPGC submitted that this claim shall be a part of the generation capital cost subject to prudence check by the Commission. In this regard GRIDCO has submitted that OPGC has not clarified with detail break up as to how much out of Rs.14 crore forms part of generation capital cost. Therefore GRIDCO is not able to submit its views on such claim of OPGC. GRIDCO has further submitted that regarding liability of POC charges for drawal of power from Unit-IV of OPGC, under closed bus condition of Unit-3 & 4, OPGC as a whole may be treated as an embedded entity of Odisha and GRIDCO can draw power through STU network without paying any ISTS charges. Further, in case common bus operation is not allowed by the Hon'ble Court, then entire State share power shall be evacuated from Unit-4 through CTU and corresponding POC charges shall be as per CERC sharing Regulation. GRIDCO has stated that as per Clause-1 (c) of the supplementary PPA dated 24.11.2019, payment liability of any POC charges and losses associated with the usage of CTU network with respect to the additional power beyond 50% of the station capacity if scheduled from Unit-4 will be mutually settled between GRIDCO and OPGC at later stage.

20. Regarding the status of availability of surplus power GRIDCO has submitted that its procurement in last 10 years is close to the SMD approved by the Commission. As such long term capacity planning is solely meant for a long horizon (i.e. 10-20 years span) and thus there shall be some intermittent surplus power in the basket of the aggregator like GRIDCO. As per the current scenario prevailing in the State, all the State thermal generators like OPGC stage 1 & 2, IPPs (Vedant & GMR) and Central

- Generating Stations like Dalipalli (Units-1&2), TSTPS-I and upcoming north Karnapura (expected in FY 2021-22) are falling within the band of MOD to cater the State demand. Now power procurement from TSTPS-II is also instrumental in meeting peak demand of State.
21. GRIDCO has submitted that as per its estimation the surplus capacity is about 1090 MW during the current FY 2021-22 after meeting the state demand. These availability are from TSTPS-I (323 MW), TSTPS-II (200 MW), KhSTPS-I (132 MW), KhSTPS-II (39 MW), FSTPS-I & II (170 MW), FSTPS-III (86 MW) and Barh-I (139 MW). GRIDCO has estimated 5026 MU from the above surplus capacity and fixed cost burden of Rs.805 crore during the current year. After deducting estimated revenue of Rs.187 crore from trading of some surplus power, the net burden of fixed cost is estimated at Rs.618 crore. GRIDCO has submitted that the fixed cost burden will be reduced to Rs.374 crore after phasing out FSTPS-I & II, KhSTPS-I and TSTPS-I by the FY 2022-23 and after deducting estimated revenue of about Rs.107 crore from trading of surplus power, the net burden of fixed cost is estimated at Rs.267 crore.
 22. GRIDCO has further submitted that earlier it has already given up its share from Barh-II and Nabinagar-II power stations of NTPC and now GRIDCO and Govt. of Odisha have communicated to Govt. of India to give up its share from KBNUL and Barh-I power stations of NTPC. Further, the contracted capacity of about 1644 MW shall be phased out by 2026-27 in view of the completion of useful life. These are FSTPS-I (170 MW by July 2021), KhSTPS-I (132 MW by August 2021), TSTPS-I (323 MW by July 2022), TTPS (460 MW by 2022-23), OPGC-I & II (420 MW by 2026) and Barh-I (139 MW for which GRIDCO is pursuing for de-allocation).
 23. GRIDCO has submitted that based on the 17th EPS report it had entered into long term PPAs with various ISGS stations and IPPs to cater the peak demand of the state, because the thermal power plants require 7-8 years of gestation period from proposal stage to commissioning stage. At that point of time it was important to make long term power purchase tie ups to provide energy security to the consumers of the State. The average power purchase rate in power exchanges was Rs.7.57 in FY 2007-08 and Rs.7.49 in FY 2008-09. Therefore it was necessary to execute PPAs to avoid short-term power purchase from the market at higher rate. Further, as on date only three IPPs i.e. Vedanta, GKEL and JITPL are operational, out of which JITPL has

challenged the MoU and PPA at different judicial forums and is not supplying power to the State since May 2019.

24. GRIDCO has submitted that in case of procurement of additional 25% contracted capacity from OPGC Units-3&4, the provisional rate for OPGC Units 3 & 4 (75% of the installed capacity) is estimated to be 309 p/u (fixed charge 173 p/u + energy charge 136 p/u). GRIDCO has submitted that the ECR in respect of OPGC Units 3 & 4 is cheap and therefore comes within the basket/pool of GRIDCO to meet the state demand as proposed in the ARR application for FY 2021-22. Therefore, GRIDCO intends to procure entire state share of power from OPGC and surrender the high cost power from the inter-state generating stations. There will not be any fixed cost liability on GRIDCO on account of OPGC Units 3 & 4.
25. GRIDCO has submitted the actual Simultaneous Maximum Demand (SMD) of the state for last ten years vis-a-vis the SMD approved by the Commission as given in the table below:

FY	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Approved SMD (MW)	2898	3466	3512	3582	3819	3933	3990	4256	4304	4446
Actual SMD (MW)	3347	3581	3580	3705	3981	4175	4105	4106	4443	4244

GRIDCO has submitted that from the actual SMD for last ten years as shown above, the CAGR comes out to be 2.67%. For forecasting the demand in the state in the next ten years GRIDCO has considered FY 2019-20 as the base year and assumed 3% CAGR for the non-industrial demand of the State. Further, actual EHT and HT demand for FY 2019-20 has been considered and 60% load factor has been considered for the proposed upcoming projects as provided by IPICOL. Based on the above assumptions GRIDCO has projected the demand of the State for next 10 years. The projected demand, projected availability and power surplus / deficit as estimated by GRIDCO is given hereunder:-

Particulars (MW)	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Projected availability	4431	5050	4937	5192	5196	5301	5305	5006	5011	5041
Projected SMD	4379	4507	4722	4963	5323	5490	5649	5767	5993	6119
Surplus (+) / Deficit (-)	53	542	215	229	-127	-189	-344	-761	-982	-1078

26. GRIDCO has submitted that there will be surplus power upto FY 2023-24 and then from FY 2024-25 there will be deficit in power availability mainly due to phasing out of some thermal power stations after completion of their useful life. Further, for the initial couple of years, the quantum of surplus power is not much. In view of the above, GRIDCO has prayed the Commission to approve the supplementary PPA dated 24.01.2019 executed between GRIDCO and OPGC and allow some time to finalize the amended PPA considering the PPA-2 dated 04.01.2011 and supplementary PPA dated 24.01.2019.
27. Heard the parties. Their written notes of submission are taken into record. It is observed that the Commission vide its order dated 04.04.2012 in Case No. 113/2011 had approved the PPA dated 04.01.2011 (PPA-2) executed between GRIDCO and OPGC for procurement of power from OPGC expansion Units-3 & 4 towards allocated share of 50% of the installed capacity of 1320 MW (2x660 MW). In the said order, the Commission had directed GRIDCO to incorporate the observations of the Commission including clarity on evacuation system and submit the amended PPA before this Commission for perusal but the PPA-2 has not yet been amended till date. However, in the meantime Government of Odisha vide its notification dated 20.12.2018 has decided that OPGC and GRIDCO shall execute a supplementary agreement to the PPA-2 on the same terms as the executed PPA-2 for 50% capacity (660 MW), for procurement of another 25% (330 MW) of OPGC expansion capacity to be effective from the CoD of the Units-3 & 4 till 31st March, 2023. The supplementary agreement shall also include enhancement of capacity from 75% to 100% from 1st April, 2023 for a period of 25 years thereafter.
28. The Commission further observed that the State Government had 51% equity in OPGC and balance 49% was with AES. Now, the Government has acquired the remaining 49% equity of AES through OHPC which is a Government owned company. Therefore, OPGC is now fully owned by the State Government. Further, the coal supply position to this expansion unit of OPGC is expected to be very smooth since coal blocks are allocated to this project through OPCL, a joint venture company of OPGC and OHPC along with arrangement for bridge linkage supply by MCL.
29. Further, from the LGBR submitted by GRIDCO for the next 10 years it is observed that there is some surplus power available to GRIDCO for coming two three years and thereafter there will be deficit in power availability in the State. Therefore, the

Commission is of the view that GRIDCO may procure power from OPGC expansion Units-3 & 4 as decided by the State Government. However, the Commission observed that as per PPA -2 the tariff norms and parameters for this project shall be as per the guidelines of CERC Tariff Regulations. The same is reiterated in the supplementary agreement to the PPA-2. Since 100% power shall be procured by GRIDCO from this expansion project of OPGC, the tariff should be as per the norms and parameters of OERC Generation Tariff Regulations notified by the Commission from time to time.

30. The Commission further observed that GRIDCO has stated that as per Clause-1 (c) of the supplementary PPA dated 24.11.2019, payment liability of any POC charges and losses associated with the usage of CTU network with respect to the additional power beyond 50% of the station capacity if scheduled from Unit-4 will be mutually settled between GRIDCO and OPGC at later stage. The Commission is of the view that both the parties should finalise the matter at the earliest and incorporate the same in the proposed amendment to the PPA-2.
31. In view of the above the Commission accord in principle approval to the supplementary PPA dated 24.01.2019 and directs GRIDCO and OPGC to amend the PPA-2 accordingly incorporating the observations of the Commission in the present order and earlier order dated 04.04.2012 passed in Case No. 113/2011 and submit the same before this Commission for perusal.
32. With the above observations and directions, the case is disposed of.

Sd/-

(G. Mohapatra)
Member

Sd/-

(S. K. Parhi)
Member

Sd/-

(U. N. Behera)
Chairperson