

ODISHA ELECTRICITY REGULATORY COMMISSION
BUDYUT NIYAMAK BHAWAN
PLOT NO.-4, CHUNOKOLI, SHAILASHREE VIHAR
BHUBANESWAR - 751021

Present: Shri G. Mohapatra, Officiating Chairperson
Shri S. K. Ray Mohapatra, Member

Case No. 04/2022

GRIDCO Ltd.	Petitioner
Vrs.		
NTPC & Another	Respondents

In the matter of: **Application under 86(1)(b) of the Electricity Act, 2003 read with Section 21(4)(b) of the OER Act, 1995 and other enabling provisions seeking approval of Power Purchase Agreement(PPA) executed between GRIDCO Ltd. and NTPC Ltd. and GRIDCO on dated 11.08.2006 for purchase of power from 1,980 MW North Karanpura Super Thermal Power Station(NKSTPS), Jharkhand in the Eastern Region.**

For Petitioner: Shri Prasant Kumar Das, CGM (PP), GRIDCO Ltd.

For Respondents: Shri G. C. Mohapatra, DGM (Commerce), Shri S. K. Pradhan, AGM (Commerce) & Shri P. Chaturvedi, AGM (Commerce) of M/s. NTPC Ltd, Ms. Sonali Patnaik, ALO I/C, DoE, GoO.

ORDER

Date of Hearing: 19.04.2022

Date of Order: 07.05.2022

This petition has been filed by M/s GRIDCO Ltd. under section 86(1)(b) of the Electricity Act, 2003 read with Section 21(4)(b) of Odisha Electricity Reform Act, 1995 (OER Act, 1995) and other enabling provisions of the Act & Regulations, seeking approval of Power Purchase Agreement (PPA) executed between NTPC and GRIDCO Ltd on 11.08.2006 for procurement of State's share of power (396 MW), allocated by the Ministry of Power (MoP), Govt. of India (GoI), vide its letter dated 07.09.2015 from 1980 MW (3x660 MW) North Karanpura Super Thermal Power Station (NKSTPS), Jharkhand in the Eastern Region. NKSTPS is a pithead station located at about 8 kms from Magadh Coal block.

2. The petitioner-GRIDCO has submitted the following:-

- (a) The brief of sequence of events and important information including quantum of power allocation are given below:

- (i) NTPC, vide its letter dated 03.09.2003, offered to supply power from the said NTPC station during 3rd quarter of 2001 on the following estimated tariff based on 68.5% PLF.

F.C.=187.89 paise/kWh, V.C.= 49.03 paise/kWh, T.C.= 236.92 paise/kWh

However the tariff is subject to approval by CERC.

- (ii) GRIDCO had requested NTPC to allocate 198 MW from the said project vide letter dated 09.06.2006 and subsequently GRIDCO requested NTPC, vide letter dated 30.04.2010, to increase allocated capacity from 198 MW to 396 MW and reconfirmed the same vide its letter dated 20.03.2015 keeping in view of the rising power demand of the State.
- (iii) GRIDCO had requested DoE, GoO for surrendering the allocated power from high cost NTPC stations located outside the state except that from North Karanpura STPS, as it is a pit head power station.
- (iv) MoP, vide letter dated 07.09.2015, allocated 396 MW of power from NKSTPS in favour of Odisha.
- (v) Various queries were raised by GRIDCO before NTPC regarding feasibility report, investment approval, Fuel Supply Agreement (FSA), type of generating station (pit head/non pit head), details of coal block, expected Commercial Operation Date (COD), tariff during 1st year of commercial operation and levellised tariff of upcoming projects of NTPC, etc. and NTPC has addressed the queries.
- (vi) Odisha's allocated share of power of 155 MW from Nabinagar STPS Stage-I and 166 MW from Barh STPS Stage-II has been re-allocated to Uttar Pradesh and Bihar on 07.01.2016 & 20.02.2019 respectively.

3. In its submission, GRIDCO has also responded to various queries raised by OERC, vide its order dated 20.07.2016 in petition No.43 of 2011.

4. GRIDCO has further submitted following reasons for retaining the allocated share of 396 MW from NKSTPS.

- (a) Fiscal concession/benefits (free of custom duty for import of capital equipment, deemed export benefit, 15% price preference to domestic PSUs, Income tax holidays) under Mega Power Policy envisaged by Govt. of India (GoI) is applicable to NKSTPS.

- (b) NKSTPS is a pithead station with allocation of coal block namely “Magadh” which is about 8 km. away from the plant. Hence, cost of coal from this captive coal mines could be less on account of reduced transportation cost.
 - (c) In view of above benefits, both fixed cost & Energy Charge Rate will be reduced leading to less tariff burden on consumers.
5. GRIDCO has stated that NTPC, vide its letter dated 12.08.2021, has provided following information relating to COD & levelled tariff of NKSTPS.
- (a) Anticipated COD:
Unit-1 (February, 2022), Unit-2 (July, 2022), Unit-3 (December, 2023)
 - (b) Expected levelized tariff:
Fixed cost - 214 p/kWh
Variable cost - 85 p/kWh,
FGD cost-16.91 p/kWh. (Fixed cost:14.12 p/kWh & Variable cost:2.79 p/kWh),
Total cost - 315.91 p/kWh.
6. GRIDCO has also stated that power generation from TTPS (460 MW) has already been stopped by NTPC w.e.f. 31.03.2021 due to closure of the said Generating Station. GRIDCO’s share (346 MW) from the two NTPC Generating Stations i.e. FSTPS-I & II and KhSTPS-I has been de-allocated by MoP, vide Notification dated 01.09.2021 and reallocated to the State of Gujarat. Therefore, GRIDCO intend to avail the relatively cheap power from North Karanpura STPS to meet the future demand of the State in the interest of consumers of Odisha. The Board of Directors of GRIDCO in their 199th meeting have also agreed to retain the power allocation from North Karanpura STPS. In view of the above, GRIDCO has prayed the Commission to approve the subject PPA dated 11.08.2006 executed between GRIDCO and NTPC for procurement of State’s share of power from North Karanpura STPS of NTPC.
7. In response to the query raised by Commission regarding status of the execution of transmission system, which had ROW issues, for evacuation of power from the said thermal power station, NTPC has responded that all issues relating to transmission system is expected to be resolved by June, 2022 and NTPC have no objection to the approval of PPA.
8. Heard the parties through virtual mode of hearing. The Commission examined the submission of GRIDCO-petitioner, who is responsible for bulk power purchase under

existing single buyer model and the “State Designated Entity” for execution of PPA with generating companies for meeting the State demand and observed that GRIDCO has requested for de-allocation of State’s share of costly power from Central Sector Generating Stations and power demand of State is likely to increase in future. The dependency on coal based generation cannot be avoided in near future and NTPC offers relatively cheap power from NKSTPS. However, we observe that NTPC keeps on changing milestones for CoD from time to time which has implication on tariff.

9. In view of above observations, the Commission approves the PPA dated 11.08.2006 in respect of NKSTPS executed between GRIDCO & NTPC for procurement of State’s share of power (396 MW) from said thermal power plant. However, the quantum of allocation of power is to be corrected as 396 MW (instead of 198 MW) in the PPA dated 11.08.2006 and NTPC need to ensure that transmission system associated with evacuation of power from the generating station is in place. Inordinate delay in CoD of the power plant has impact on the power procurement planning of GRIDCO. Therefore, GRIDCO is at liberty to re-open the PPA with the approval of the Commission.
10. The case is accordingly disposed of.

Sd/-
(S. K. Ray Mohapatra)
Member

Sd/-
(G. Mohapatra)
Officiating Chairperson