

ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
PLOT No.4, CHUNOKOLI, SHAILASHREE VIHAR,
BHUBANESWAR – 751 021

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

Case No. 71/2023

M/s. GRIDCO Ltd. Petitioner

Vrs.

M/s. NLC India Ltd.& Others Respondents

In the matter of: **Application of GRIDCO Ltd. as per the directives of the Commission in their order dated 05.11.2022 passed in Case No. 39 of 2022 seeking approval to execute Power Purchase Agreement (PPA) between M/s. GRIDCO Ltd. and M/s. NLC India Ltd. for procurement of State entitlement of 800 MW of Power i.e., 400 MW (Phase-I) & 400 MW (Phase-II) from 3200 MW (4 X 800MW) Thermal Power Project of M/s. NLC India Ltd. (NLCIL) at Talabira, in Jharsuguda district of Odisha.**

For Petitioner: Sri Bijay Kumar Das, Sr.GM (PP) & Ms. Murchhana Dhar, DGM (Ele.)

Respondent: Ms. Vasughi Muralibabu and Shri Kasty Prasad, CGM (Project Head), M/s. NLC India Limited, Shri Puneet Munjal, Head Regulatory Affairs, TPCODL, Shri K.C.Nanda, GM (RA & Strategy), TPWODL, Ms. Malancha Ghose, DGM(RA), TPNODL, Shri V.Wagle, Chief Regulatory Affairs, TPSODL, Shri A.R.Rao Subudhi, Sr.GM (CP), OPTCL and Ms. Banishree Pradhan, DGM(RT&C), OPTCL.

ORDER

Date of hearing: 08.08.2023

Date of Order: 14.09.2023

The Petitioner-M/s. GRIDCO Ltd. has filed the present petition as per the directives of the Commission in their order dated 05.11.2022 passed by the Commission in Case No. 39 of

2022 seeking approval to execute Power Purchase Agreement (PPA) between M/s. GRIDCO Limited (GRIDCO) and M/s. NLC India Ltd (NLCIL) for procurement of State entitlements of 800 MW of Power i.e., 400 MW (Phase-I) & 400 MW (Phase-II) from 3200MW Thermal Power Projects of NLCIL at Talabira, in Jharsuguda district of Odisha.

The Petitioner has prayed to:

“Accord necessary approval to execute PPA with NLCIL for procurement of State Entitlement of 800 MW of power i.e. 400 MW (Phase-I) and 400 MW (Phase-II) from (3200 MW: 4x800 MW) Thermal Power Project of NLCIL at Talabira, Dist: Jharsuguda, Odisha”.

Submissions of the Petitioner:

2. In support of its prayer, the Petitioner (GRIDCO) has submitted as under:
 - a) The Respondent, M/s. NLCIL is in the process of developing a coal based Thermal Power Project of Capacity 3200 MW [2400 MW (3x800 MW) in Phase-I & 800 MW (1x800 MW) in Phase-II] at Talabira, Jharsuguda District, Odisha as per the provisions of Clause 4(D) of State Thermal Policy dated 08.08.2008 notified by the Department of Energy, Government of Odisha. The Talabira project has been allocated with Talabira II & III Coal Blocks and water requirement shall be met from Hirakud Reservoir.
 - b) The MoP, GoI, vide their letter dated 19.11.2020, have allocated the 2000 MW of power to the Southern beneficiaries States and Union Territory (Tamil Nadu-1500MW, Kerala-400MW & Puducherry-100MW) and the remaining 400 MW from Phase-I would be considered separately on receipt of detailed justification from Government of Odisha (procurer) and also request from NLCIL for grant of exemption under the present Tariff Policy,2016.
 - c) As per the decision taken in the 15th meeting of the Trading & Business Development Committee (T&BDC) held on 6th June 2022 & subsequent 203rd Board of Directors (BoD) meeting held on 13th June 2022, GRIDCO the petitioner had filed a petition before the Commission (in Case No.39 of 2022) seeking in principle approval for procurement of the State entitlement of 800 MW power from Talabira Project. The abstract of the said order dated 05.11.2022 passed by the Commission in Case No.39 of 2022 was:

- i. The Commission grants in principle approval for procurement of the State entitlement of 800 MW of Power by GRIDCO i.e., 400 MW from Phase-I & 400 MW from Phase-II of Talabira Project.
 - ii. Directs GRIDCO to ensure the resolution of the power evacuation system and connectivity issue with CTU & STU network before signing the PPA.
 - iii. To obtain necessary grant of exemption relating to competitive tariff-based bidding as per Tariff Policy, 2016 from the Ministry of Power, Government of India through the Department of Energy (DoE), Government of Odisha (GoO) for procurement of power.
 - iv. Directs GRIDCO to submit the draft PPA to be executed for Phase-I and for Phase-II (if separate PPA is not required) for approval of the Commission. Before submitting draft PPA, further consultation with State Government should be made to firm up State share of Power with due regard to State Thermal Policy notified by Government of Odisha dated 08.08.2008.
 - v. To consider inclusion of the provision for penalty in the PPA for delay in commissioning of the project.
- d) As per the directives of the Commission, the Petitioner, vide its letter dated 06.12.2022, have given in principle approval to NLCIL for procurement of 800 MW of power from Talabira Project. Further, the petitioner, vide another letter dated 06.12.2022, has requested to the DOE, GoO to write a letter to the MoP, GoI for grant of exemption of competitive Tariff Based Bidding for procurement of the State entitlement of 800 MW of Power from Talabira Project.
- e) The DoE, GoO, vide their letter dated 16.12.2022, has written a letter to the MoP, GoI for allocation of remaining 400 MW in the Phase-I & 400 MW from Phase-II of the upcoming Talabira Project of NLCIL in favour of the State of Odisha. The MoP, GoI, vide their letter dated 15.02.2023, has allocated remaining 400 MW of power from Phase-I to Odisha & advised NLCIL to provide the said power to Govt. of Odisha through STU Connectivity.
- f) NLCIL has furnished the draft PPA to be executed between GRIDCO & NLCIL for procurement of State entitlement of 400 MW of Power from Phase-I of NLCIL Talabira Project. The petitioner, vide letter dtd.17.03.2023, has communicated its observation on draft PPA to NLCIL with request to incorporate the same suitably in the draft PPA.
- g) A memorandum regarding signing of PPA with NLCIL for purchase of power from Phase-I of Talabira project was placed by the petitioner in its 208th BoD meeting held

on 21.03.2023. The BoD has approved the draft PPA to be executed between GRIDCO & NLCIL subject to Legal vetting & obtaining necessary approval from OERC.

- h) NLCIL, vide its letter dated 31.03.2023, have furnished a revised draft PPA incorporating its views on the observations of GRIDCO wherein NLCIL did not agree for inclusion of the provision for penalty clause in the PPA for delay in commissioning of the project as suggested by GRIDCO in line with the Hon'ble Commission's Order dated 05.11.2022.
 - i) As per decision in the 208th BoD meeting held on 21.03.2023, GRIDCO has furnished the modified draft PPA to NLCIL on 18.04.2023 including penalty as well as Indemnity Clause after obtaining legal vetting of the same.
 - j) A meeting through VC mode was held on 06.05.202 in between GRIDCO & NLCIL to resolve the disputed issues in the draft and as decided in the said meeting the modified draft PPA was sent by GRIDCO on 18.05.2023 to NLCIL for their confirmation. NLCIL, vide its letter dtd. 15.06.2023, has confirmed the draft PPA.
 - k) To ensure the power evacuation system as well as STU connectivity issue, the petitioner, vide its letter dated 28.06.2023, has communicated to OPTCL to furnish the latest evacuation planning for purchase of the States entitlement of 800 MW of Power from Talabira Project. The response of OPTCL on this matter is still awaited. However, in the 20th Consultation meeting for Evolving Transmission Schemes in Eastern Region (CMETS –ER) held on 28.06.2023, it was decided to evacuate the Power from Talabira Project through NLC-Talabira-Lapanga 400 kV D/c (Quad) line.
3. A public notice was issued by the Commission on 31.07.2023 inviting suggestions/ objections from Respondents. The public hearing on the above matter was held on 08.08.2023 through hybrid arrangement (virtual/physical). The Commission directed to all concern to file their written notes of submission, if any, along with their replies to the queries made by the Commission during hearing regarding Renewable Generation Obligation by M/s. NLCIL, STU connectivity, modified draft PPA with inclusion of penalty & indemnity clause within seven days hence serving a copy of the same on the other sides.

Reply of the Respondents:

2. The Respondent-TPSODL in his reply dated 03.08.2023 has made submissions as under:
- a) Subsequent to the order passed in Case No. 39 of 2022 by the Commission, three important developments have taken place. These are:

- i. In July 2022, the Govt. of India had rerevised the RPO target from various sources such Wind power, Hydro power from plants commissioned after 2019 & Other renewable sources for the period FY 2022-23 to FY 2029-30. Accordingly, the Commission has floated draft amendments to revise the existing RPO Regulations for the period FY 2022-23 to FY 2029-30. In addition to that, certain quantum of energy will be required to purchase from energy storage system. The RPO target and energy storage target for Odisha State as under:

RPO Target & Energy Storage Target Proposed for Odisha State (in %)

FY	Wind RPO	HPO	Other RPO	Total RPO	Energy Storage System
2022-23	0.81	0.35	23.44	24.61	-
2023-24	1.60	0.66	24.81	27.08	1.00
2024-25	2.46	1.08	26.37	29.91	1.50
2025-26	3.36	1.48	28.17	33.01	2.00
2026-27	4.29	1.80	29.86	35.95	2.50
2027-28	5.23	2.15	31.43	38.81	3.00
2028-29	6.16	2.51	32.69	41.36	3.50
2029-30	6.94	2.82	33.57	43.33	4.00

- ii. Further the Commission has also floated another draft Regulations (Promotion of Renewable Energy through Green Energy Open Access) Regulations, 2023 which requires all the obligated entities to have uniform RPO.
- iii. Further as per guidelines for Resource Adequacy Planning (Framed under the Rule 16 of Electricity Amendments Rule ,2022, issued in June 2023), the optimal capacity mix required to meet the project demand at minimum cost.
- b) TPSODL Has submitted that, considering the above 47% energy purchase obligation from RPO (43%) & Storage system energy target (4%) by FY 2029-30, balance 53% of the energy is required to be procured from other sources viz Thermal. Considering the Commission's approval of energy availability from Thermal plants as per GRIDCO Tariff Order for FY 2023-24, it has estimated that there will be power surplus of from FY 2027-28 onwards.
- c) Further TPSODL has submitted that, in compliance to the OERC (procurement of Energy from Renewable Sources and its Compliance) Regulations, 2015, RPO for

CGPs, which are commissioned prior to 01.04.2016, is pegged at 3% and CGP, which are commissioned thereafter, the RPO is pegged at the level of the year of commissioning. When the new Regulation of the Commission shall be implemented, the CGPs are required to purchase higher quantum of energy to meet the RPO target over existing target of 3%. This additional energy will be available in the State for Purchase at cheaper rate as compared to the tariff of a new plant.

- d) Considering the above substantial surplus situation in the State due to RPO, TPSODL has requested the Commission to consider approval of the PPA for purchase of power beyond FY 2029-30 from the NLC plant or the quantum can gradually increase from the date of the CoD i.e., 25% from CoD, 50% from two years of CoD & 100% from 3 years of CoD to optimize the surplus. It may be worthwhile to assess the quantum of capacity required by adopting the Resources Adequacy Framework announced by the Govt. of India.
 - e) Further TPSODL has stated that the Commission has given in-principal approval for procurement of 800MW of State share as per CERC determined tariff without any liability of payment of ISTS Charges. Accordingly, PPA is required to be approved.
3. The Respondent-TPWODL in his reply dated 05.08.2023 has made submissions as under:
- a) TPWODL has submitted that in the 20th consultation meeting evolving transmission scheme in Eastern Region (CMETC-ER) held on 28.06.2023, it was decided to evacuate the power from Talabira project through NLC-Talabila-Lapanga 400kV D/c (Quad) line, Commission may consider the opinion of OPTCL on evacuation plan and issue appropriate direction for the execution of connectivity arrangements.
 - b) As per clause 6.7 of the draft PPA, if the project completion will be delayed beyond schedule commissioning date due to certain uncontrollable events (force majeure) as specified in clause 11 of the draft PPA or due to delay in acquiring land or similar reasons that are not the fault of NLCIL, in such cases it is considered as a default on the part of NLCIL and they are required to compensate for the delay. The Compensation may be either:

- i. Suppling of equivalent amount of power at the agreed-upon tariff from alternative sources to meet the obligations of the PPA (OR)
 - ii. Bearing the additional financial burden beyond the agreed tariff to fulfill its obligations with the GRIDCO.
 - c) Further as per clause 6.7.1 of the Draft PPA, above matter will be brought before the Commission by GRIDCO for approval.
 - d) Therefore, the Respondent TPWODL has requested the Commission to take into account the upcoming power demand scenario of the State and OPTCL's opinion on the evacuation plan before approval of PPA.
4. The Respondent-TPNODL in his reply dated 05.08.2023 has made submissions in general based on facts of the subject matter. It has submitted that delay in commissioning of the project may increase the cost overrun and which may lead to significant increase in the levelized tariff of the project during CoD.
5. In response to queries raised by the Commission during hearing on 08.08.2023, the submission of Petitioner-GRIDCO is as under:
- a) That, in the 20th consultation meeting for evolving transmission scheme in Eastern Region (CMETC-ER) held on 28.06.2023, it was decided to evacuate the power from Talabira project through NLC-Talabila-Lapanga 400kV D/c (Quad) line.
 - b) GRIDCO and NLCIL both are agreed for compensation for delay in commissioning of the project and modified the draft PPA accordingly. Clause 6.7 of the modified draft PPA is relating to "***Compensation for the delay or default to commence supply of power by NLCIL***". The Clause 6.7 says that:

"6.7.1 In case of delay in the project beyond the scheduled commissioning date due to the reasons, except as specified in clause 11 below and delay in the process of land acquisition or similar reasons not attribute to NLCIL, shall be an event of default on part of Seller/NLCIL and shall compensate either by suppling an equivalent quantum of power at the agreed indicative tariff from an alternative source(s) or bear additional financial burden over and above the agreed tariff with the Procurer/GRIDCO to fulfill

its obligations. Such delays shall be referred to the Hon'ble Odisha Electricity Regulatory Commission (OERC) for approval.

6.7.2 In case of inordinate/indefinite delay or failure of commissioning of the said power project (NTTP) beyond the schedule date and thereby causing adversely GRIDCO's future power procurement planning, GRIDCO shall have the exclusive right to approach the Hon'ble OERC for adjudication of this Power Purchase Agreement (PPA) and the decision of the Hon'ble Odisha Electricity Regulatory Commission shall be final and binding on both parties with regard to execution or modification or termination of PPA. Section 86(1) of the Electricity Act, 2003, clearly states that the Odisha Electricity Regulatory Commission is vested with the power to regulate the electricity purchase and procurement process of distribution licenses including the price at which electricity shall be procured from the generating companies or licenses or from other sources through agreements for the purchase of power for distribution and supply within the State”

- c) TPSODL in his reply has submitted by estimating energy surplus from FY 2027-28 onwards in Odisha. But this estimate is based on the average requirement of the State which is without keeping any provisions for contingency reserve. Further, regarding RPO obligation of the State, the requirement of input energy for energy storage obligation is shown under a separate head, but as per Clause No.17 of MoP order dated 22.7.2022, the RPO requirement (in %) is inclusive of storage purchase requirement (in %).
- d) A contingency reserve has been kept while preparing LGBR/Power Requirement Planning. Accordingly, prudent procurement planning called for reasonable preparedness towards meeting the peak requirement of the state. Accordingly, GRIDCO has submitted the provisional peak power supply demand as well as average power supply demand projection up to FY 2031-32 as under: -

Peak Power Supply Demand Projection till FY 2031-32

Sl No	Sources	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
A	Thermal									
	State Thermal	1,312	1,312	1,312	1,312	1,375	1,375	1,375	1,375	1,375
	IPPS	630	421	421	421	421	615	740	740	740
	Centra Thermal	1,420	1,750	1,791	1,791	2,350	2,751	2,751	2,751	2,751
	Sub-total	3,362	3,483	3,524	3,524	4,146	4,741	4,866	4,866	4,866
B	RPO									
	Wind	-	140	350	350	350	350	350	350	350
	Hydro	38	51	126	203	281	281	811	1,051	1,426
	Other	1,949	1,949	1,929	1,929	1,929	1,929	1,929	1,929	1,929
	Sub-total	1,987	2,140	2,405	2,482	2,560	2,560	3,090	3,330	3,705
C	Total Availability (A+B)	5,349	5,623	5,929	6,006	6,706	7,301	7,956	8,196	8,571
D	Est. Peak Demand	5,415	5,740	6,085	6,450	6,837	7,248	7,682	8,143	8,631
E	Surplus/(Deficit) (C-D)	-66	-117	-156	-444	-131	53	274	53	-60
F	Contingency Reserve	542	574	608	645	684	725	768	814	863
G	Surplus/(Deficit) after Reserve (E-F)	-608	-691	-764	-1,089	-815	-672	-494	-761	-923

Annual Average Power Supply Demand Projection till FY 2031-32

Sl. No	Sources	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
A	Thermal									
	State Thermal	1,312	1,312	1,312	1,312	1,375	1,375	1,375	1,375	1,375
	IPPS	630	421	421	421	464	659	740	740	740
	Centra Thermal	1,462	1,750	1,791	1,791	2,414	2,751	2,751	2,751	2,751
	Sub-total	3,404	3,483	3,524	3,524	4,253	4,785	4,866	4,866	4,866
B	RPO									
	Wind	-	140	350	350	350	350	350	350	350
	Hydro	18	24	59	95	131	131	379	491	666
	Other	1,281	1,367	1,355	1,355	1,355	1,355	1,449	1,499	1,577
	Sub-total	1,299	1,531	1,764	1,800	1,836	1,836	2,178	2,340	2,593
C	Total Availability (A+B)	4,703	5,014	5,288	5,324	6,089	6,621	7,044	7,206	7,459
D	Est. Annual Avg. Demand	4,275	4,544	4,817	5,106	5,296	5,523	5,837	6,117	6,417
E	Surplus/(Deficit) (C-D)	428	470	471	218	793	1,098	1,207	1,089	1,042
F	Contingency Reserve	428	454	482	511	530	552	584	612	642
G	Surplus/(Deficit) after Reserve (E-F)	-	16	-11	-293	263	546	623	477	400

- e) GRIDCO has further mentioned that useful life of existing thermal plants like Kahalgaon -II, TSTPS-II and Kaniha-I will expire during FY 2029-30 to FY 2032-33. Therefore, it would be prudent to have back up tied up thermal capacity to meet the State's growing peak demand, even though renewable power is required for meeting the RPO, but due to uncertainty in its supply pattern firm thermal power is required in order to meet the peak demand of the State.
- f) Further, in a meeting held on 10.01.2023 under the Chairmanship of Chief Secretary of Odisha regarding capacity addition to meet the future demand of the State, it was decided to take steps for availing 400 MW from NLCIL's Talabira Phase -II project in addition to the 400 MW from its Phase-I project considering lower cost of power on account of STU connectivity and pit head location of the plant.
- g) Further, as per the guidelines for Resource Adequacy Planning Framework for India framed under Section 1.1.1, 1.1.2. and 1.1.3 of the Rule16 of the Electricity (Amendment) Rule, 2022 has stipulated that: -

"1.1.1. Energy for growth: it is necessary to timely add adequate generation capacity to meet the projected demand while maintaining necessary reserves.

1.1.2 It is incumbent upon the DISCOMs to supply 24X7 reliable power to its consumers. All DISCOMs are duty bound to tie up sufficient capacity to meet the demand of its consumers. If any DISCOM does not do so, it is failing in its duty. Compliance to the Resource adequacy norms and Guidelines shall ensure that DISCOMs tie up sufficient capacity to meet the demand of the area they are licensed to serve.

1.1.3 The capacity which the DISCOMs tie up shall be a judicious mix of long/medium and short-term contracts to ensure security of supply to their consumers at least cost. Over reliance on the electricity market is to be avoided."

- 6. In response to the direction of the Commission during hearing on 08.08.2023 regarding Renewable Generation Obligation (RGO), the Respondent-NLCIL in their reply has reproduced clause 2.0 of RGO (Notification of MoP, GoI dated 02.03.2023) as under:

"2.0 In pursuance of clause 6.4 (5) of the Tariff Policy 2016, it has been decided that any generating company establishing a coal/lignite-based thermal generating station and having the Commercial Operation Date (COD) of the project on or after 1st April 2023 shall be required to establish renewable energy generating capacity (in MW) i.e. Renewable

Generation Obligation (RGO) of a minimum of forty percent (40%) of the capacity (in MW) of a coal/lignite-based thermal generating station or procure and supply renewable energy equivalent to such capacity”.

In compliance to the above notification of the MoP, GoI, NLCIL has submitted that above requirement will be complied after ensuring that the consumption/procurement of the above renewable power by GRIDCO/ State authorities and shall also comply with any further amendments by MoP from time to time.

Observations and Order of the Commission:

7. Heard the Petitioner and Respondents through hybrid mode (virtual/Physical) and considered their written submissions and replies to the quires of the Commission. The Commission observes that:
 - a) M/s. NLCIL is developing a coal based (pit head) Super Critical Thermal Power Project of 3200 MW Capacity [2400 MW (3x800 MW) in Phase-I & 800 MW (1x800 MW) in Phase-II] at Talabira, Jharsuguda District, Odisha as per the provisions of Clause 4(D) of State Thermal Policy dated 08.08.2008 notified by the Department of Energy, Government of Odisha.
 - b) The MoP, GoI vide their letter dated 19.11.2020 has allocated 2000 MW of power to the beneficiaries States and Union Territory of Southern Region (Tamil Nadu-1500MW, Kerala-400MW & Puducherry-100MW) and the allocation of remaining 400 MW from Phase-I was to be considered separately on receipt of detailed justification from Government of Odisha.
 - c) As per the decision taken in the 15th meeting of the Trading & Business Development Committee held on 6th June 2022 & subsequent approval by Board of Directors (BoD) of GRIDCO in meeting held on 13th June 2022, GRIDCO-the petitioner had filed a petition before the Commission seeking in principle approval for procurement of the State entitlement of 800 MW power from Talabira Project and the Commission has disposed of the case vide their Order dated 05.11.2022 in Case No.39 of 2022 as under:

“13. The Commission feels that requirement of thermal power cannot be completely ruled out for meeting increasing demand for power in spite of large scale integration of RE power and hence hereby grants in-principle approval for procurement of the State entitlement of 800 MW of power by GRIDCO, i.e. 400 MW (Phase-I) and 400

MW (Phase –II) from upcoming Green Field Project of M/s. NLCIL at Talabira at Cost Plus Tariff subject to grant of exemption by Ministry of Power, Government of India in respect of competitive tariff based bidding in line with provision in National Tariff Policy, 2016.

14. This is an in-principle approval only for procurement of 800 MW of State share of power in two phases (Phase-I : 400 MW, Phase- II : 400 MW) from NLCIL's Talabira plant in Odisha as per CERC determined tariff without any liability of payment of ISTS charges. This should not be construed as approval of PPA. The PPA to that effect should be executed between the parties and shall be submitted before the Commission for approval.

15. GRIDCO is directed:

- (a) To ensure the resolution of the power evacuation system and connectivity issue with CTU & STU network before signing the PPA. **The present in-principle approval should not be treated as approval of connectivity arrangement.***
- (b) To obtain necessary grant of exemption relating to competitive tariff-based bidding as per Tariff Policy, 2016 from the Ministry of Power, Government of India through the Department of Energy, Government of Odisha for procurement of power.*
- (c) To submit the draft PPA to be executed for Phase-I and for Phase-II (if separate PPA is not required) for approval of the Commission. Before submitting draft PPA, further consultation with State Government should be made to firm up State share of Power with due regard to State Thermal Policy notified by Government of Odisha dated 08.08.2008.*
- (d) To consider inclusion of the provision for penalty in the PPA for delay in commissioning of the project.*

16. Large scale integration of Renewable generation requires flexible operation of thermal power plant. M/s. NLCIL need to consider such operation in future as and when required in line with notification/guidelines of Ministry of Power, Government of India or the CEA, and take steps on this matter during detailed engineering stage to avoid additional tariff burden on consumer of the State in future.”

- d) Considering the above direction of the Commission in order dated 05.11.2022, the Petitioner, vide its letter dated 06.12.2022, have given in principle approval to NLCIL for procurement of 800 MW of power from Talabira Project and has requested the DoE, GoO, vide another letter dated 06.12.2022, to communicate MoP, GoI for grant of exemption of competitive Tariff Based Bidding for procurement of the State entitlement of 800 MW of Power from Talabira Project.
- e) The DoE, GoO, vide their letter dated 16.12.2022, has written a letter to the MoP, GoI for allocation of remaining 400 MW in the Phase-I & 400 MW from Phase-II of the upcoming Talabira Project of NLCIL in favour of the State of Odisha.
- f) The MoP, GoI, vide their letter dated 15.02.2023, has allocated remaining 400 MW of power from Phase-I to Odisha & advised NLCIL to provide the said power to Govt. of Odisha through STU Connectivity.
- h) Regarding STU connectivity issues, the Petitioner-GRIDCO has submitted that in the 20th consultation meeting for evolving transmission scheme in Eastern Region (CMETC-ER) held on 28.06.2023, it has been decided to evacuate the power from Talabira project through NLC-Talabira-Lapanga 400kV D/c (Quad) line.
- i) Further regarding inclusion of penalty clause in the PPA, the Petitioner has submitted that NLCIL have agreed for compensation for delay in commissioning of the project and accordingly ***“Clause 6.7 - Compensation for the delay or default to commence supply of power by NLCIL”*** has been included in the PPA.
- j) Regarding the Renewable Generation Obligation, NLCIL has submitted that it will comply the requirements of GoI notification dated 02.03.2023 after ensuring the consumption/procurement of renewable power by GRIDCO/ State authorities and will also comply with any further amendments by MoP from time to time.
- k) As per Resource Adequacy Planning Framework for India, adequate generation capacity needs to be added timely to meet the projected demand while maintaining necessary reserves.
- l) GRIDCO-the Petitioner has projected peak power deficit during the period from FY 2023-24 to FY 2027-28 even without contingency reserve. Peak power deficit is also expected beyond FY 2027-28 considering contingency reserve to meet power demand

of the State. Hence, availability of additional power from thermal source would be beneficial in future considering the present scenario.

- m) Being a pit head thermal power station with high efficiency supercritical generating units and having STU connectivity, the tariff as determined by CERC is expected to be quite reasonable.
8. The salient features of PPA are as follows:
- a) The allocation of power from NLC Talabira Thermal Power Project (NTTPP) amongst the SEBs/DISCOMs shall be in accordance with the decision of the Ministry of Power (MOP) Government of India from time to time which shall form an integral part of this agreement.
 - b) The allocation made from the Station by MoP, GoI, or any other competent Authority in favour of the Buyer/Procurer(s) shall be subject to the signing of this Agreement, opening of LC, and providing appropriate Payment Security Mechanism.
 - c) The LTA application for the Installed Capacity excluding the share of Odisha shall be made by NLCIL to CTUIL and for the share of Odisha, NLCIL shall apply to STU on a special provision and in accordance with Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 as amended from time to time.
 - d) The Seller shall operate the Station as a base load station as per the manufacturer's guidelines, applicable grid operating standards, directions of the CERC, and relevant statutory provisions as applicable from time to time. The methodology of generation scheduling shall be as per IEGC and the decisions taken at the ERPC forums.
 - e) The main & check meters at the outgoing feeders of the NTTPP are to be installed and maintained by CTU and other meters will be installed and maintained by NLCIL as per the CEA (Installation and Operation of Meters) Regulations 2006 dated 17.03.2006 and as amended from time to time.
 - f) Both parties agree to facilitate the issue of Regional Energy Accounts. Regional Energy Account issued by ERPC/ERLDC or any other Competent Authority shall be binding on all the parties for billing and payment purposes.

- g) The Tariff and Terms and Conditions for the energy to be supplied by NLCIL from NTTP shall be as determined by CERC or any other Competent Authority and accordingly the applicable tariff will be based on project Cost covering reasonable cost overrun and time overrun if any as determined by the CERC or any other Competent Authority applying prudence check as per tariff regulations in force from time to time.
- h) Rebate on payments shall be as per the provisions of Tariff Regulations issued from time to time by CERC. Rebate of 1.5% shall be allowed if payment made within a period of 5 days of presentation of bills. If payments are made on any day after 5 day and within a period of 30 days, a rebate of 1% shall be allowed.
- i) In case payment is made after the due date from the date of presentation of the bill by NLCIL, a surcharge at the rate as notified by CERC and directives of the MoP amended from time to time, shall be charged on the amounts remaining unpaid-after the said date in proportion to the number of days of delay after the said date.
- j) In case of delay in the project beyond the scheduled commissioning date due to the reasons, except as specified in Clause 11 (Force Majeure) of PPA and delay in the process of land acquisition or similar reasons not attributable to NLCIL, shall be an event of default on part of Seller/ NLCIL and shall compensate either by supplying an equivalent quantum of power at the agreed indicative tariff from an alternative source(s) or bear additional financial burden over and above the agreed tariff with the Procurer/GRIDCO to fulfil its obligations. Such delays shall be referred to the Odisha Electricity Regulatory Commission (OERC) for approval.
- k) In case of inordinate indefinite delay or failure of commissioning of the said power project (NTTP) beyond the scheduled date and thereby causing adversely GRIDCO's future power procurement planning, GRIDCO shall have the exclusive right to approach the OERC for adjudication of this Power Purchase Agreement (PPA) and the decision of the Commission shall be final and binding on both parties with regard to execution or modification or termination of PPA.
- l) Coal pricing will be determined and fixed as per the CERC Tariff Regulations applicable from time to time or any other Regulations that may be applicable.
- m) In case of dispute, GRIDCO shall file a written objection with NLCIL and NLCIL will endeavor to resolve such objection within a period of thirty days from the date of receipt of such objection. However, the disputes cannot be settled mutually and still persist the same will be settled by referring to the Central Electricity Regulatory Commission or

Appellate Tribunal for Electricity or any other dispute redressal mechanism specified as per Electricity Act 2003 from time to time.

- n) The Agreement shall come into force from the date of signing of this Agreement for all purposes and intent and shall remain operative up to the completion of twenty-five (25) years from the date of commercial operation of Phase I and II of NTTTP Le (3 x 800MW) and (1 X 800MW) respectively provided that this Agreement may be mutually extended, renewed or replaced by another Agreement on such terms and for a such further period of time as the parties may mutually agree. In case GRIDCO continues to get power from NTTTP even after the expiry of this Agreement without further renewal or formal extension thereof, then all the provisions of the Agreement shall continue to operate till such period, this Agreement is formally renewed, extended, or replaced.
9. In view of above observations and considering earlier in-principle approval, the Commission approves the proposed Power Purchase Agreement (PPA) to be executed between GRIDCO & NLCIL for procurement of State entitlement share of 800 MW of Power [i.e., 400 MW under Phase-I (3X800MW) & 400 MW under Phase-II (1X800MW)] from 3200MW Thermal Power Projects of NLCIL at Talabira, in Jharsuguda district of Odisha to meet the increasing demand of power in spite of large-scale integration of RE power.
10. The case is accordingly disposed of with the observations stated above.

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

Sd/-
(G. Mohapatra)
Member

Sd/-
(S. C. Mahapatra)
Chairperson