

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

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

Case No. 32/2024

M/s. GRIDCO Ltd.	Petitioner
Vrs.		
M/s. NAVA Limited & Others	Respondents

In the matter of: **Application under Section 86 of the Electricity Act, 2003 read with Section 21 of the Orissa Electricity Reform Act, 1995 and other enabling provisions for seeking approval of the Hon'ble Commission to the Power Purchase Agreement dated 04.04.2024 executed between GRIDCO Ltd and M/s. NAVA Limited for availing Coal under Clause B(ii) of the SHAKTI ("Scheme for Harnessing Allocating Koyla (Coal) Transparently in India") Policy, 2023.**

For Petitioner: Shri B.K. Das, Sr. G.M., GRIDCO Ltd., and Ms. Susmita Mohanty, DGM (Electrical), GRIDCO Ltd.

For Respondent: Shri Bibhu Charan Swain, the Authorized Representative of M/s. NAVA Limited; Ms. Subhashree Das, AGM (Electrical), OPTCL; Ms. Malancha Ghose, DGM (RA), TPNODL, Shri V. Wagle, Head- Regulatory Affairs, TPCODL; Shri K. C. Nanda, GM (Regulatory & Strategy), TPWODL and the Representative of TPSODL do appear. None appears on behalf of DoE, GoO.

ORDER

Date of Hearing: 11.06.2024

Date of Order: 13.06.2024

1. This petition has been filed by M/s. GRIDCO Ltd under Section 86 of the Electricity Act, 2003 read with Section 21 of the Orissa Electricity Reform Act, 1995 and other enabling provisions for seeking approval of the Commission to the Supplementary Power Purchase Agreement (PPA) dated 04.04.2024 executed between GRIDCO Ltd and M/s. NAVA Limited for availing Coal under Clause B(ii) of the SHAKTI ("Scheme for Harnessing Allocating Koyla (Coal) Transparently in India") Policy, 2023.
2. The Petitioner has prayed before the Commission:
 - (a) to approve the 2nd Supplementary PPA executed with M/s. NAVA Limited on 04.04.2024 to the Original PPA dated 31.10.2014;

- (b) to direct M/s NAVA Limited for prudent utilization of linkage coal availed under “SHAKTI Policy” to supply State entitlement of power/ contracted quantum of power to the Petitioner- GRIDCO; and
 - (c) to direct M/s. NAVA Limited to use/ consume commercially cheaper coal for balance contracted quantum to be supplied to GRIDCO.
3. The Petitioner- M/s. GRIDCO Ltd. has submitted the following:
- a) M/s NAVA Limited (Formerly Nava Bharat Ventures Limited) have set up a 1X60MW IPP at village Khargaprasad, Meramundali, Dist. Dhenkanal and had signed a PPA with the Petitioner- GRIDCO on 31.10.2014 and Supplementary PPA on 23.09.2015 for a period of twenty-five (25) years from the Date of Commercial Operation (COD) of the last unit of the station based on the terms and conditions contained in the said PPA. The said PPAs were approved by the Commission vide order 26.11.2015 in Case No.78 of 2014.
 - b) The generating unit was declared COD on 30.11.2015 and synchronized with the Grid on May 2021. GRIDCO started procurement of power from M/s NAVA Limited in March, 2022 i.e. after determination of provisional/indicative tariff vide order dated 12.01.2024 in Case No. 44 of 2021.
 - c) As per PPA dated 31.10.2014, 14% / 12% of power sent out from the Thermal Power Plant (TPP) shall be purchased at variable cost (VC) from the Independent Power Producer (IPP) depending on allocation of coal blocks within the state of Odisha or outside the State and the VC shall be determined by the Commission.
 - d) The Ministry of Coal, Government of India on 22.05.2017 had notified a new coal allocation policy namely “Scheme for Harnessing Allocating Koyla (Coal) Transparently in India” (“SHAKTI Policy”) for the power sector for allocation of coal linkages. Under this Policy, the IPPs who have already concluded the Long Term PPAs based on linkage coal are eligible to participate in the bidding process. As per the Clause B (ii) of SHAKTI Policy, the discount offered by the generating companies would be adjusted from the gross amount of the monthly bill to be raised under the PPA, based on approval of the Appropriate Commission. The discount would be computed with reference to linkage coal supplied and received under the Clause B (ii) of SHAKTI Policy. Furthermore, the existing PPA is required to be amended or supplemented to pass on the discount to the Procurer by adjustment from the bill

raised thereunder, further required to be approved by the Commission. The Energy Charge Rate (ECR) is required to be computed as per OERC's Generation Tariff Regulations 2020 considering landed price and GCV of SHAKTI Coal.

- e) M/s NAVA Limited participated in the 6th round of auction for SHAKTI Scheme B (ii) on 14.08.2023 to secure long term coal linkages for continuing supply of 12% sent-out power to GRIDCO under the aforementioned PPA. M/s NAVA successfully got allocation of 36,800 Tons per annum of coal from Mahanadi Coalfields Ltd (MCL) vide Letter of Intent (LoI) dated 01.02.2024.
- f) M/s NAVA and GRIDCO entered into a 2nd Supplementary PPA dated 04.04.2024 as per Clause (B) (ii) of the SHAKTI Policy on the PPA dated 31.10.2014 to pass on the discount to GRIDCO.
- g) As intimated by NAVA, vide email message dated 14.03.2024, the allocation of 38,600MT /annum of SHAKTI Coal by CEA have been computed referring to Annexure-VIII of Scheme Document dated 26.10.2023 which states that SHAKTI Linkage Coal has been allotted considering 85% PLF and Plant Heat Rate of 2600 kCal/kWh and considering G12 Grade of Coal with GCV of 3615 Kcal/kg.
- h) State entitlement of power in terms of MW @ 12% works out to be 7.2MW (Gross) and 6.48MW (Net) i.e. excluding auxiliary energy consumption. It has been informed by NAVA that they shall be able to supply 5.5MW of power utilizing SHAKTI Coal (considering operating parameters as approved by the Commission in their tariff order dated 12.01.2022 in Case No. 44 of 2021 and balance i.e. 0.98MW from other coal. The petitioner, therefore, has prayed before the Commission to direct the Respondent NAVA to use/consume commercially cheaper coal for generation and supply of balance 0.98MW of power to GRIDCO.
- i) The clarification in respect of allocation of 36,800MT of SHAKTI Coal as submitted by M/s NAVA Limited is submitted below:

Description	Unit of measurement	Calculation	Details after calculations
Maximum available capacity for sent out	MW	60MW-10% auxiliary	54
12% Sent Out Power	MW	54 MW x 12%	6.48
Considering 85% PLF	MW	6.48 MW X 85%	5.508
Specific Coal for G12 grade	Kg/KWH	Heat rate 2800/3615 Kcal/Kg	0.775
Total coal consumption / annum	MT	5.508x 24 x 0.775 x 365	37394
Allocation in BII SHAKTI scheme/annum as per normative requirement	MT		36,800

- j) As per Clause 3.6.8 of the SHAKTI document dated 26.10.2023, the DISCOMs (here the petitioner GRIDCO) need to get approval of the respective SERCs regarding the amended / supplementary PPA within 60 (Sixty) days issuance of LOI to successful bidder. Further, GRIDCO, vide letter dated 10.04.2024, has intimated MCL that it is in the process of getting approval of the PPA from OERC and requested MCL to execute necessary Fuel Supply Agreement (FSA) with NAVA and consider to commence the supply of SHAKTI linkage coal allocated as per the LOI of MCL dated 01.02.2024, so as to lessen tariff burden on consumers of the State.

4. The Respondent-M/s. NAVA Limited has submitted the following:

- a) The methodology for calculation of the monthly Energy Charge Rate (ECR) is to be billed by NAVA towards supply of 12% of Energy Sent Out to GRIDCO vide its Order dated 12.01.2022 in Case No. 44 of 2021.
- b) The Ministry of Coal has introduced the SHAKTI Policy in 2017 and M/s. NAVA Ltd. was able to secure 36,800 tons of coal annually from Mahanadi Coalfields Limited (MCL) through an auction process which requires an amendment to the PPA to pass on the Coal discount benefits to GRIDCO.
- c) As per Para 5 of the Commission's Order dated 12.01.2022 in Case No. 44 of 2021, the Plant Heat Rate has been approved at 2800 Kcal/ kWh. However, as per SHAKTI Policy, the Coal consumption has been calculated considering Plant Heat Rate at 2600 Kcal/ kWh and accordingly coal has been allocated. This discrepancy has resulted in supply of about 5.5 MW of Power using Shakti Coal, instead of 6.4 MW originally anticipated, excluding auxiliary consumption. The coal allocation by the Ministry of

Coal was insufficient for providing 6.48 MW power to GRIDCO. Therefore, NAVA Ltd. shall purchase the balance coal from open market, through linkage/ e-auction and procure from various domestic sources and shall supply energy to the tune of 12% ESO to GRIDCO Ltd. and accordingly shall calculate ECR as per Para 5 of the Commission's Order as stated above.

- d) The prayer of GRIDCO to direct M/s. NAVA Limited to utilize commercially cheaper coal for balance contracted quantum to be supplied to GRIDCO beyond SHAKTI Coal may be set aside and 2nd Supplementary PPA dated 04.04.2024 may be approved.
 - e) The last date of signing of Fuel Supply Agreement (FSA) with MCL / CIL is 16.07.2024 for which approval of the PPA by the Commission is necessary and hence, M/s. NAVA Limited has prayed for early approval of the 2nd Supplementary PPA dated 04.04.2024.
5. The Respondents-OPTCL, TPCODL, TPNODL, TPSODL & TPWODL have conveyed their consent towards the power procurement from M/s NAVA Limited under SHAKTI Policy, 2023.
6. Heard the Petitioner and Respondents through Hybrid mode (both physical and virtual) and considered their written submissions. The Commission observes the following:
- a) The Petitioner- M/s NAVA Limited is having 1x60 MW IPP at Meramundali in Dehenkanal District of Odisha and had signed a PPA with GRIDCO Ltd. on 31.10.2014 and supplementary PPA on 23.09.2015 for 25 years from COD (i.e. 30.11.2015) which was approved by the Commission vide Order dated 26.11.2015 in Case No. 78/2014. As per PPA dated 31.10.2014, 12% of Power Sent Out from the TPP of M/s NAVA shall be purchased by GRIDCO at VC for allocation of Coal blocks within the State of Odisha. Although, the generating unit was declared COD on 30.11.2015 and synchronized with the Grid in May 2021, GRIDCO has started procurement of power from M/s NAVA Limited in March, 2022 i.e. after determination of provisional/indicative tariff by the Commission, vide order dated 12.01.2024 in Case No. 44 of 2021.
 - b) The Ministry of Coal, Government of India on 22.05.2017 had notified a new coal allocation policy namely SHAKTI Policy under which the IPPs who have already concluded the Long Term PPAs based on linkage coal are eligible to participate in the bidding process. As per the Clause B (ii) of SHAKTI Policy, the discount offered by

the generating companies would be adjusted from the gross amount of the monthly bill to be raised under the PPA, based on approval of the Commission and the discount would be computed with reference to linkage coal supplied and received under the above clause. The existing PPA is required to be amended or supplemented to pass on the discount to the Procurer by adjustment from the bill raised thereunder, further required to be approved by the Commission. The Energy Charge Rate (ECR) is required to be computed as per OERC's Generation Tariff Regulations 2020 considering landed price and GCV of SHAKTI Coal.

Therefore, M/s NAVA and GRIDCO have entered into a 2nd Supplementary PPA dated 04.04.2024 as per Clause (B) (ii) of the SHAKTI Policy on the PPA dated 31.10.2014. The last date of signing of the FSA with MCL/ CIL is 16.07.2024. The Petitioner- M/s GRIDCO Limited and the Respondent- M/s NAVA Limited in their submissions have requested the Commission to approve the aforesaid 2nd Supplementary PPA and the Respondents- OPTCL, TPCODL, TPNODL, TPSODL & TPWODL have also conveyed their consent.

- c) M/s NAVA Limited has submitted that as per SHAKTI Policy, the Coal consumption has been calculated considering Plant Heat Rate at 2600 kcal/ kWh (against 2800 kcal/ kWh as approved by the Commission vide its Order dated 12.01.2022 in Case No. 44 of 2021) and accordingly coal has been allocated. The Coal allocation by Ministry of Coal is insufficient for providing full quantum of State's share of Power to GRIDCO and balance Coal is to be purchased from open market/ through e-auction. Hence, prayer of GRIDCO to direct M/s. NAVA Limited to utilize commercially cheaper coal for balance contracted quantum to be supplied to GRIDCO beyond SHAKTI Coal is not acceptable to M/s. NAVA Limited.
7. The salient features of the 2nd Supplementary PPA dated 04.04.2024 are as follows:
- a) The year-on-year Discount in tariff based on the "Tariff Discount Stream" for each of the allocated sources shall be as indicated in LOI dated 01.02.2024 of MCL and shall be applicable on units generated and sent out using linkage coal actually consumed under the Fuel Supply Agreement to be executed pursuant to the LOIs for the balance period of the Concluded PPA. The accounting of coal quantity consumed shall be done based on opening and closing stock positions on monthly basis and same shall be reconciled at the end of each Contract Year.

- b) The gross amount of Monthly Bill shall be as per the terms and conditions of the Concluded approved PPA and Tariff as determined by OERC from time to time and the discount applicable for the respective year shall be reduced from the gross amount of each such Monthly Bill.
 - c) For the actual application of the year-on-year discount, the First Year or Year-1 shall mean the period from the date of commencement of coal supply under the Fuel Supply Agreement entered into by NAVA and the relevant fuel supplier as provided under the SHAKTI Policy and ending on the immediately succeeding March 31.
 - d) The amount to be passed on as discount to the Procurer GRIDCO shall be computed with reference to the units that would have been generated based on the SHAKTI Linkage coal consumed during the month. The heat value of any excess coal consumption beyond scheduled generation during a month shall be considered to be carried forward to the next month towards supply of power to GRIDCO. The same procedure shall be adopted/ followed if there is more than one sources of SHAKTI coal supply by MCL. The Energy Charges portion of monthly bill (“Monthly Energy Charges”) raised by NAVA on GRIDCO will be as per the formula mentioned at para 4(IV) of the Supplementary PPA.
8. The Commission further observed that procurement of State’s share of power by GRIDCO in respect of the coal availed under SHAKTI Policy is in the larger interest of the State for which both GRIDCO and M/s. NAVA Limited have entered into the 2nd Supplementary PPA, which ensures transparent allocation of linkage coal to the IPP (M/s. NAVA Limited) and adjustment of discount offered under this Policy with gross amount of monthly bill to be raised on GRIDCO under the existing PPA.
9. In view of the above and urgency for approval of PPA to avail linkage coal under SHAKTI Policy for benefit of the consumers of the State, the Commission approves the subject 2nd Supplementary PPA dated 04.04.2024 executed between GRIDCO Ltd. and M/s. NAVA Limited for availing Coal under Clause B(ii) of the SHAKTI [“Scheme for Harnessing Allocating Koyla (Coal) Transparently in India”] Policy, 2023 and directs M/s NAVA Limited for prudent utilization of linkage Coal availed under above mentioned Policy to supply State entitlement of Power to GRIDCO.
10. We further observe that GRIDCO has prayed before the Commission to direct M/s. NAVA Limited to use/consume commercially cheaper coal for balance contracted quantum of

power to be supplied to GRIDCO, in case the linkage coal availed under SHAKTI Policy is not sufficient to supplement State's entitlement of power/contracted quantum of power to GRIDCO. The Representative of M/s. NAVA Limited raised objection to the above prayer of GRIDCO. According to M/s. NAVA Limited, the linkage coal to be availed through SHAKTI Policy (as per present allocation) is not sufficient for supply of State's entitlement of power to GRIDCO. For supply of full State's entitlement of power, M/s. NAVA Limited has to purchase the balance coal from the open market through linkage/e-auction and procure from various domestic sources. Hence, the above prayer of GRIDCO is not acceptable to M/s. NAVA Limited and further such prayer of GRIDCO is not the part of the agreed 2nd Supplementary PPA dated 04.04.2024. Therefore, the aforesaid 2nd Supplementary PPA dated 04.04.2024, as agreed by both the parties, deserves approval. In this matter, the Commission is of the view that the issue may be discussed between both the parties and settled amicably keeping in mind the interest of the State. In case of any dispute in this regard, the parties are at liberty to approach the Commission in future through separate application.

11. The Case is accordingly disposed of.

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

Sd/-
(G. Mohapatra)
Officiating Chairperson