

Case No. 67/2019

Interim Order-4

Date of hearing: 20.10.2020

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Due to Covid-19 pandemic situation the Commission had decided to hear the matter through Video Conferencing in the Virtual Court on 20.10.2020. Accordingly the parties had been intimated.

2. Ms. Susmita Mohanty, AGM (PP), Shri Sukanta Panda, G.M(PP) and Shri S.K.Mohanty, Sr.GM(PP) of GRIDCO Ltd., Shri Sitesh Mukharjee, Sr. Advocate & Shri Deep Rao, Advocate on behalf of M/s. 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, Government of Odisha are present. The rejoinder filed by GRIDCO Ltd. to the reply of Shri P.K. Pradhan in continuation to his filing No.1 is taken on record.
3. During hearing the representative of GRIDCO Ltd. submits that earlier a Power Purchase Agreement (PPA-2) had been executed between GRIDCO and OPGC on 04.01.2011 for purchase of 50% capacity of unit 3 &4 of OPGC, which was approved by the Commission in their order dtd. 04.04.2012 in Case No.113 of 2011 with certain amendments in the Clauses pertaining to connectivity for evacuation of power. On 24.01.2019 a Supplementary Agreement to PPA-2, was signed for purchase of another 25% i.e. 75% of the capacity from the CoD of unit 3 & 4 and the entire 100% capacity of unit 3 & 4 w.e.f 1st April, 2023 for a period of 25 years thereafter. The Supplementary Agreement has been executed as per the Notification dated 20.12.2018 of the State Government. GRIDCO has filed the present petition for approval of the above Supplementary Agreement. The units 3 & 4 have been commercially operated w.e.f 03.07.2019 and 21.08.2019 respectively. The unit 3 is connected to STU network and unit 4 is connected to CTU network. The closure of bus sectionalizer for evacuation of power through STU network has been objected by CTU. She also states that GRIDCO requires the following information from OPGC to ascertain the financial implications and to reply the queries raised by the Commission.
 - i) The issue of financial implication if any in terms of capacity charge reimbursement till commercial operation of Captive Coal Mine and MGR as provided under Annexure-D to Schedule 4 of PPA dated 04.01.2011. This is towards fulfillment of conditions precedent and hence confirmation of effective date in respect of PPA.

- ii) OPGC is to furnish detailed status of various ongoing case matters pertaining to connectivity of Unit-4 with CTU, common bus operation and payment of LTA relinquishment charges, transmission charges etc. pertaining to CTU.
 - iii) OPGC is to clarify whether there shall be any financial implications upon GRIDCO towards relinquishment charges payable to CTU in respect of LTA/transmission line (400 KV Double Circuit OPGC-Jharsuguda PG).
 - iv) Any other relevant information pertaining to approval of supplementary PPA dated 24.01.2019 as well as amendment of PPA in view of the proceeding dated 20.10.2020 held before the Commission.
4. The respondent Shri Pradhan submits that at present GRIDCO has much surplus power, and it is paying the fixed charges for such surplus power. It is not being able to sell the surplus power outside. In case this PPA is approved the fixed cost on account of such surplus power should be borne by OPGC or its generation should be limited to its 50% capacity. The extra burden should not be loaded on the state consumers. The government notification dated 20.12.2018 was made based on the recommendation of a committee constituted by the government in which Directors of GRIDCO and OPGC were the members. GRIDCO should submit a copy of the MoM/Recommendation of the Committee to the Commission with a copy to the respondents. He states that life period of a thermal generating plant is 25 years based on which tariff is determined. In the present case the COD was in 2019 and PPA is to continue for a period of 25 years from 1.4.2023. In case PPA is approved by the Commission, the tariff should be determined considering 25 years from 1.4.2023 or OPGC should not claim any fixed charges for first four years i.e. upto 1.4.2023 from COD.
 5. The respondent Shri R.P. Mohapatra supported the submissions made by Shri Pradhan. In addition he states that 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 separately by the Commission. Therefore, the Commission should direct GRIDCO to file a single PPA for Unit-3 & 4 of OPGC. He further states that the surplus power with GRIDCO is about 10000 MU if generation from Darlipali STPS is considered. Hence the present PPA is against the interest of the state consumers.
 6. The Sr. Advocate of OPGC states that for energy security, State Government has allotted coal mines for this OPGC project. Hence, OPGC cannot sell power outside

the state. Though Unit-4 is connected to CTU, it can also be connected to STU by closing the bus sectionalizer in the same bus. Hence there will not be any CTU charges on GRIDCO. However, the existing CTU line being treated as a tie line will attract CTU charges which is to be shared with all the beneficiaries. In this matter OPGC has filed a petition before the APTEL against the CERC order that OPGC has to pay the transmission charge for the CTU line. Regarding useful life of the thermal plants he says that as per the Regulation it should not be less than 25 years. Many plants are running many more years beyond their useful life.

7. The Commission directs OPGC to file an affidavit at the earliest on the present status of evacuation arrangement for Unit-4 and its possible financial implication along with the aforesaid requirements of GRIDCO serving copies to all other parties.
8. The Commission expressed its dissatisfaction on GRIDCO for approaching the Commission for approval of PPA after commissioning of the generating units and drawing power from it. The Commission directs GRIDCO to file affidavit on the following matters:
 - a) The quantum of relinquishment charges and 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 availability of surplus power available with it and what is the burden of fixed cost on account of this surplus power.
 - c) The LGBR for a period of ten 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.
9. GRIDCO is directed to submit the above replies by 10.11.2020 with a copy to the objectors. OPGC is also directed to submit its reply to the query of GRIDCO by 06.11.2020 with a copy to the objectors and GRIDCO.
10. Post the matter on 24.11.2020 at 11.00 A.M. for hearing. No further notice will be issued to the parties concerned in this regard.

**Sd/-
Member (M)**

**Sd/-
Member (P)**

**Sd/-
Chairperson**