



**TELANGANA STATE ELECTRICITY REGULATORY COMMISSION**  
5<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul, Hyderabad 500 004

**O. P. No. 55 of 2021**

**Dated 17.11.2021**

**Present**

Sri T. Sriranga Rao, Chairman  
Sri M. D. Manohar Raju, Member (Technical)  
Sri Bandaru Krishnaiah, Member (Finance)

**In the matter of according consent for relinquishment of power allocation from Ramagundam Super Thermal Power Station Stage I & II (358.37 MW) and Neyveli Thermal Power Station II Stage I & II (59.05 MW from Stage I and 105.95 MW from Stage II) in terms of the guidelines issued by the Ministry of Power, Government of India vide Lr. No. 23 / 23 / 2020-R&R (245623) Dt.22.03.2021**

**ORDER**

**Background:**

1. The Andhra Pradesh State Electricity Board / Transmission Corporation of Andhra Pradesh Limited (APSEB/APTRANSCO) entered into Bulk Power Supply Agreements (BPSAs) with NTPC Limited ("NTPC") and Neyveli Lignite Corporation Limited ("NLC") dated 28.09.1993 and 18.02.1999 for procurement of power from Ramagundam Super Thermal Power Station Stage I&II (RSTPS-I&II) and Neyveli Thermal Power Station II Stage I&II (NLC TPS II-I&II) respectively.
2. As a sequel to G. O. Ms. Nos. 58&59 dated 07.06.2005 and the Transfer Scheme notified on 09.06.2005, the then Government of undivided Andhra Pradesh had notified transfer of Bulk Power Supply Undertaking and assigned the BPSAs signed with APSEB/APTRANSCO to the then four (4) distribution companies of the then undivided Andhra Pradesh. By virtue of the Andhra Pradesh Reorganisation Act, 2014 and consequent upon the formation of Telangana State, the BPSAs together

with subsequent amendments / replacements got transferred to Southern Power Distribution Company of Telangana Limited (TSSPDCL) and Northern Power Distribution Company of Telangana Limited (TSNPDCL) (together referred to as “TSDISCOMs”).

3. Ministry of Power (MoP), Government of India (GoI) vide its Notification dated 22.03.2021 issued the guidelines enabling the distribution companies to either continue or exit from the Power Purchase Agreement (PPA) after completion of the term of the PPA i.e., beyond 25 years or a period specified in the PPA. The request for relinquishment of such power from eligible central generating stations (CGSs) has to be submitted with prior approval of the State Commission and with six (6) months’ advance notice.

#### **Present Proposal of TSDiscoms**

4. TSSPDCL, on behalf of TSDISCOMs, vide its Lr. No. CGM (IPC & RAC) / SE / RAC / F. NTPC & NLC / D. No. 417 / 21, Dt. 07.07.2021 requested the Commission to accord consent for relinquishing the TSDISCOMs share in RSTPS-I & II (358.37 MW) and NLC TPS II-I & II (59.05 MW from Stage I and 105.95 MW from Stage II) stating that these stations have completed 25 years life and have relatively higher landed tariffs in comparison to tariffs of State Generating Stations (SGS) and market purchases.

5. TSDISCOMs further submitted as under:

a) The quantum of power drawn from RSTPS-I & II and NLC TPS II-I & II during FY 2019-20 and FY 2020-21 along with corresponding landed cost including the Central Transmission Utility (CTU) charges and losses is as under:

**Table 1: Quantum and per unit cost of power procured from RSTPS-I&II and NLC TPS II-I&II as submitted by TSDISCOMs**

Station	FY 2019-20		FY 2020-21	
	Quantum of power drawn (MU)	Per unit cost including CTU charges and losses (Rs. / kWh)	Quantum of power drawn (MU)	Per unit cost including CTU charges and losses (Rs. / kWh)
RSTPS-I & II	2030.728	3.92	2124.933	3.74
NLC TPS II-I	365.582	4.13	626.432	4.03
NLC TPS II-II	294.92	4.18	314.795	4.17

b) The landed cost of power from RSTPS-I & II and NLC TPS II-I & II is going to further increase due to (a) increase in inter-state transmission charges with the waiver of transmission charges for solar projects to be commissioned upto June 2025, (b) additional capital cost for Renovation and Modernisation (R&M), Flue Gas Desulfuriser (FGD), (c) additional expenditure for fly ash transportation etc.

c) The thermal power quantum of 13.86 MW has been allocated from RSTPS-I & II under JNNSM Bundled scheme Phase-I (in the ratio of 1:1 i.e., Solar: Thermal) by MoP, GoI, which is over and above the TSDISCOMs share allocation.

d) The quantum of relinquished power from RSTPS-I & II and NLC TPS II-I & II shall be procured from SGS by operating beyond 70% Plant Load Factor (PLF) at average variable cost of Rs.2.70 / kWh and market purchases at an average cost of Rs.3.25 / kWh, as arrived for FY 2020-21.

### **Admission of the Proposal and Regulatory Process**

6. The Commission has taken the requests of TSDISCOMs on record, examined with reference to legality i.e., in the context of the provisions of the Electricity Act, 2003, provisions under MoP Guidelines and clauses in relevant Power Supply Agreements (PSAs) and decided to finalize the requests of TSDISCOMs through public consultation process and assigned O.P.No.55 of 2021 (Suo Moto).

## MoP Guidelines

7. The MoP Guidelines dated 22.03.2021 read as under:

*“2. the following guidelines for enabling the Discoms to either continue or exit from the PPA after completion of the term of the PPA i.e. beyond 25 years or a period specified in the PPA and allow flexibility to the Generators to sell power in any mode after State / Discom exit from PPA have been framed for the compliance of all the concerned stakeholders.*

- I. The first right to avail power from the Central Generating Stations developed under section 62 of the Electricity Act (eligible CGSs), even beyond the term of PPA i.e. on completion of 25 years from the date of commissioning of the plant or a period specified in the PPA will continue to be with the States / Discoms with whom the PPA was signed.*
- II. Willing State / Discoms may relinquish their share from eligible CGSs after expiry of the term of the PPA i.e. on completion of 25 years from the date of commissioning of the plant or a period specified in the PPA. The request for relinquishment of such power from CGSs may be submitted only after the approval of the State Commission who would ensure the adequacy of power tied up with the Discoms to meet the demand of electricity for all the consumers under such Discoms.*
- III. a) The States / Discoms having Long-term PPAs with the Central Generating stations, which are due to expire in the near future can opt to relinquish the entire allocated power (firm and unallocated share) from such eligible CGSs post completion of the PPA tenure i.e. on completion of 25 years from the date of commissioning of the plant or a period specified in the PPA by giving six months advance notice for their intention to relinquish such power.*  
*b) For the Stations, which have already completed 25 years, States may exit from the PPA of such eligible CGS after giving six months of notice of relinquishment of power.*
- IV. The relinquishment of such power will be considered only after the State / discoms have cleared all the past dues. The State /*

*Discoms shall continue to be liable to make all the eligible payments / dues as per the prevailing rules / regulations to the Generators whose share of power has been relinquished till final settlement.*

- V. *In all such cases of relinquishment of share from power stations, the power allocation, if any, made by the Central Government to the State from that power station would be treated as withdrawn. Intimation to this effect will be required to be given either by the generating company or the State to the Ministry of power.*
- VI. *States may also relinquish the entire unallocated power from the CGSs (except some specific allocations e.g. power which has been bundled with solar etc.). Part relinquishment of share from unallocated pool of power shall not be feasible and accordingly shall not be allowed.*
- VII. *Any share for Central Generating stations, once relinquished by the State, will not be allowed to be taken back by the State under the same PPA conditions.*
- VIII. *In case of Bulk Power Supply Agreement (BPSA) also, the state / discoms may relinquish entire allocated power from such projects which have completed 25 years since commissioning of the project. Power supply from other projects shall continue as per the terms of the PPA.*  
... ..”

8. Further, the clarification dated 05.07.2021 reads as under:

“2. It is clarified that the word ‘**entire**’ in clause 2(VIII) of the said guidelines issued on 22.03.2021 “In case of Bulk Power Supply Agreement (BPSA) also, the State / Discoms may relinquish **entire** allocated power from **such** projects which have completed 25 years since commissioning of the project. Power supply from other projects shall continue as per the terms of the PPA” **means the entire allocated power from the project which has completed 25 years from the date of commissioning of the project.** It is also clarified that allocated power cannot be surrendered partly from a project.

3. *Further, the clause 2(VIII) read with clause 2(I) and 2(II) stipulates that the first right to avail power from Central Generating Stations developed u/s 62 of the Electricity Act, 2003, even beyond the term of the PPA i.e. on completion of 25 years from the date of commissioning of the plant or a period specified in the PPA will continue to be with the State / Discoms with whom the PPA was signed. Accordingly, the State may choose to continue to take power from a project or project(s) under clause 2(VIII) even after completion of 25 years from the date of commissioning of the project or exit from the project or project(s) under clause 2(VIII) after completion of 25 years from the date of commissioning of the project.”*

### **Notification calling for suggestions/objections/comments**

9. The Commission had issued Notice dated 20.09.2021, inviting suggestions/objections / comments on the proposals of TSDiscoms from all stakeholders and public at large, with the last date for filing of suggestions / objections / comments as 18.10.2021. The Power Supply Agreements, MoP Guidelines and other information submitted by TSDISCOMs was placed on the website of the Commission ([www.tserc.gov.in](http://www.tserc.gov.in)). The Notice issued is enclosed at **Annexure-I**.

### **Response to Notice**

10. In response to the Notice, suggestions / objections / comments have been received from five (5) stakeholders. The list of stakeholders who have submitted the suggestions / objections / comments is enclosed at **Annexure-II**.

11. TSDISCOMs has submitted replies on the suggestions/objections/comments raised by the stakeholders. The Commission has concluded all the suggestions/objections / comments raised by the stakeholders and responses of the TSDISCOMs hereunder.

### **Stakeholders' submission**

12. TSDISCOMs may be directed to reply to stakeholders' submission. The Commission may conduct a Public Hearing in the matter, in larger public interest.

13. The views of the State Government may be obtained on the proposed relinquishment of power as the State Government has to bear the adverse impact, if any, of the proposed relinquishment.

14. The MoP Guidelines dated 22.03.2021 clearly stipulate the procedure to be followed by the distribution companies opting to relinquish their allocations as under:

- a) The distribution companies will file a petition before the State Electricity Regulatory Commission for power from the subject station.
- b) The State Commission will examine the proposal with respect to adequacy of power after the proposed relinquishment.
- c) After approval by the State Commission, the distribution companies are required to give six (6) months' advance notice for their intention to relinquish such power.
- d) The distribution companies are required to clear all their past dues.
- e) After completion of six (6) months' notice and clearing all dues of the generator, the generator / distribution company will inform MoP, Gol. Then only the distribution company will be able to exit.
- f) However, the distribution company shall continue to be liable to make all eligible payments as per prevailing rules / regulations to the generators whose share of power has been relinquished till the final settlement.

15. TSDISCOMs have to follow the due procedure for exiting from the PPAs. Till such time the due process is completed, TSDISCOMs continue to be contractually liable for payment of bills / invoices raised by NTPC as per the BPSA and the prevailing rules / regulations in this regard.

16. Both the stations serve the base load requirement and are crucial for ensuring reliable supply to industry and agriculture, which are vital for the economy of the State. Further, considering the future power requirements for various Lift Irrigation (LI) projects under development, it's not recommendable to relinquish the share in CGS, especially efficient stations of NTPC.

17. Relinquishment of power and operation of SGS at higher PLF are different and independent of each other. The SGS can be run at higher PLF even without relinquishing the share from RSTPS-I & II and NLC TPS II-I & II, if they are not being

run at threshold levels of PLF as incorporated in the respective PPAs. When full fixed charges are paid to SGS for making capacity available as per the norms, there is no justification in backing down the same. If the SGS are being backed down due to availability of surplus power, there will be no scope of improvement in PLF beyond 70%. Further, despite the opportunity to run the SGS at PLF of more than 70% and availability of power from the same at marginal cost, TSDISCOMs have been entering into long-term PPAs for procurement of solar power at tariffs as high as Rs.4.66 / kWh. Therefore, the proposed relinquishment of power may not be approved.

18. TSDISCOMs have not referred to the changes to be done in the power procurement plant, with alternate arrangements considering the proposed relinquishment.

19. It is not desirable to relinquish the share in RSTPS-I & II due to the following:
- a) It is a pit head generating station located within the State and also performs relatively better. The increase in ISTS charges due to waiver of transmission charges of solar projects does not apply in this case.
  - b) The tariff comparison does not appear to have been done on level playing field as the total tariff of CGS has been compared with variable cost of SGS.
  - c) As RSTPS-I & II has been in operation for more than 25 years, its fixed charges would be substantially lower. TSDISCOMs may negotiate with NTPC for extension of PPA for availing the benefit of lower fixed charges. Some of the thermal generating stations in Telangana have also been in operation for 35-40 years.
  - d) The market prices are volatile. Further, the payments for market purchases have to be made in advance which results in additional expenditure whereas the long-term PPAs provide for grace period of one month or more for payment of power bills. The rebate for payments made before the stipulated date is also not available in the case of market purchases.
  - e) The justification for assumed increase in landed cost of CGS while no increase in cost of SGS, has not been submitted.

- f) The possibility of injection of power into the state transmission network may be examined in order to avoid CTU charges.
- g) The existing agreement provides for termination with mutual consent and therefore, can be terminated in case the further R&M expenses are likely to be high and burdensome.

20. The tariff billed by NTPC is as per the tariff orders issued by the Central Electricity Regulatory Commission (CERC). For RSTPS-I & II, the current normative fixed cost, on ex-bus basis, is around Rs.0.73/kWh and the energy charge rate for FY 2020-21 is Rs. 2.42 / kWh. With the implementation of Market Based Economic Despatch (MBED), stations like RSTPS-I&II will get preference over the other costlier stations. RSTPS-I & II being at the middle of the merit order stack for Telangana, relinquishment may necessitate procuring this power from costlier stations in the merit order.

21. TSDISCOMs submitted that the landed cost of power from RSTPS-I & II and NLC TPS II-I & II is comparatively higher. As per the Commission's Order dated 14.09.2021 in O P No. 28 of 2021 and I A No.10 of 2021, the average cost of power from Telangana State Power Generation Corporation Limited (TSGENCO) stations is in the range of Rs. 4.069 / kWh to Rs. 5.884 / kWh and that from RSTPS-I & II is Rs. 3.184 / kWh. The average cost of power from RSTPS-I & II and NLC TPS II-I & II including CTU charges is also comparatively lower. TSDISCOMs are required to substantiate their submission in light of these figures. TSDISCOMs have to consider relinquishing the power from Bhadradi Thermal Power Station (BTPS) and Yadadri Thermal Power Station (YTPS) rather than from RSTPS-I&II and NLC TPS II-I & II.

22. TSDISCOMs are required to submit the per unit fixed cost and variable cost of all its contracted power plants. The quantum of energy of 3066.16 MU currently procured from CGS, if procured from BTPS and market, can result in burden of Rs.1566.68 Crore and Rs.3679.39 Crore (@ Rs.12 per unit) to Rs.6132.32 crore (@ Rs.20 per unit) respectively.

23. NTPC is in the process of installing FGD to comply with Ministry of Environment and Forest (MoEF) notification dated 07.12.2015, which is equally applicable for all

thermal generating stations including SGS and the same will impact the generation cost of all generating stations.

24. Transportation of ash is being done as per the MoEF notification dated 25.01.2016 which is equally applicable for all thermal generating stations and the same will impact the generation cost of all generating stations. However, RSTPS-I&II has not incurred any net expenditure towards transportation of ash till FY 2020-21.

25. The latest agreement with NLC was executed in August, 2015 for a tenure of 15 years. It has to be examined if relinquishment of power from NLC is covered under the scope of the MoP Guidelines.

### **TSDISCOMs replies**

26. TSDISCOMs shall give six (6) months' advance notice for relinquishing their share allocation from CGS after the approval of the Commission and clear all the past dues. TSDISCOMs share shall be treated as withdrawn after intimation to MoP either by generating company or the State. As per the MoP guidelines, TSDISCOMs are liable to make all the eligible payments / dues till final settlement i.e., 6 months from the date of issue of notice and clearing all dues. TSDISCOMs shall not continue to be contractually liable for payment of bills / invoices raised by NTPC for the station as per the BPSA but shall be liable only upto 6 months from the date of issue of notice as per MoP guidelines.

27. As per the MoP guidelines, TSDISCOMs were to indicate the alternative power procurement plan for the quantum of power to be relinquished. Accordingly, the alternative power procurement plan has been proposed. The power quantum proposed to be relinquished can be met by operating the SGS at higher PLF as certain SGS have been declaring normative Availability but are being operated at PLF of less than 70%. In effect, TSDISCOMs are liable to pay full fixed charges for SGS declaring normative Availability with scheduling less energy. Scheduling of generators is governed by the Grid Code provisions. TSDISCOMs propose to relinquish power allocation from old CGS and operate SGS at higher PLF thereby the TSDISCOMs can realise savings in power purchase cost as total landed cost of old CGS is higher than variable cost of SGS. Moreover, TSDISCOMs are not liable to incur ISTS charges and losses for the power procured from SGS.

28. The solar power procurement is required to comply with the RPPO targets specified by the Commission. Gol intends to achieve the target of 450 GW capacity from renewable sources of energy. As per the proposed amendment to Section 3 of the Electricity Act, 2003, National Renewable Energy Policy shall prescribe uniform purchases from renewable sources and the non-compliance to the same shall attract penalties ranging from Rs. 0.25 / kWh to Rs. 2.00 /kWh. TSDISCOMs have to be prepared to meet the larger RPPO targets in a phased manner, that may be brought into force by Gol on all States, including Telangana. TSDISCOMs are required to purchase renewable power for meeting the proportionate increase in RPPO targets.

29. RSTPS-I&II is not a pit head generating station but has coal linkage (Fuel Supply Agreement) with M/s. Singareni Collieries Company Limited (SCCL). The cost of coal transportation from SCCL mines to RSTPS-I&II is around Rs.150/MT. For power procurement from CGS like RSTPS-I&II, TSDISCOMs are liable to incur ISTS charges and losses as per the CERC Regulations which is not the case in case of power procurement from SGS. As per CERC Regulations on sharing of ISTS transmission charges and losses, the ISTS charges are evaluated on six (6) components viz., (i) National Component-Renewable Energy (NC-RE), (ii) National Component-HVDC (NC-HVDC), (iii) Components and sharing of Regional Component (RC), (iv) Components and sharing of Transformer Component (TC), (v) Components and sharing of AC System Component (ACC) and (vi) Computation of share of transmission charges under AC-UBC. The PPAs executed for sale of solar and wind power generators with distribution companies are exempted from ISTS charges. But the ISTS charges evaluated has to be borne by Designated ISTS Customers (DICs) (i.e., for supply from conventional generators) in proportion to their long-term open access and medium-term open access. Hence, the transmission charges are nil for solar generators whereas the conventional generators like NTPC and NLC are liable to pay increased ISTS charges.

30. In MBED, lowest cost power can be purchased from any generator by any State without any obligation of having a PPA. TSDISCOMs can purchase from RSTPS-I&II through MBED based on the load requirement.

31. TSDISCOMs would purchase power from exchange only when the need arises due to lower availability from other sources. The average power purchase cost from

power exchange was Rs. 3.405 / kWh and Rs. 3.25 / kWh for FY 2019-20 and FY 2020-21 respectively. The prices in power market are usually lower except in rare circumstances such as corridor and fuel constraints, which prevail for short duration. Had it been the case that the quantum of power proposed for relinquishment now been procured from power exchange, there could have been saving in the power purchase cost to the tune of Rs.180 Crore and Rs.156 Crore for FY 2019-20 and FY 2020-21.

32. Even though TSDISCOMs have a grace period of 1 month for payment of power bills under the PPA, Letter of Credit (LC) amounting to 105% of the previous month bill has to be maintained with the Bank along with LC charges.

33. The BPSA dated 28.09.1993, for RSTPS-I&II, provides only for extension of agreement and does not contain any exit provisions for TSDISCOMs. The MoP guidelines enable the TSDISCOMs to either continue or exit from the PPA on completion of 25 years from the date of commissioning of the plant or a period specified in the PPA.

34. NTPC has filed Petitions before CERC for approval of fly ash transportation cost of around Rs.0.81/kWh, additional capitalisation towards R&M and FGD. SGS have not filed any Petition before the Commission for determination of increase in tariff due to additional cost for R&M, FGD and additional expenditure for fly ash transportation. The SGS such as KTPP-I, KTPS-V, KTPS-VI, KTPS-VII have not completed their useful life and hence additional capitalisation due to R&M does not arise. The SGS such as BTPS and YTPS are new plants which comply with the emission norms.

35. TSDISCOMs have entered into PPA with NLC on 21.02.2015 by inclusion of new clauses in billing and payment in line with other procurers for a period of 15 years from the date of signing of the agreement i.e., upto 20.02.2030 and due to creation of Telangana State in line with the legislative charges that have occurred pursuant to AP Reorganisation Act. NLC TPS II-I&II has completed 25 years from COD and hence, TSDISCOMs can relinquish their share allocation from the project as per the MoP guidelines.

### Commission's view

36. The present proceedings have been initiated Suo Motu by the Commission vide the Notice dated 20.09.2021. In consideration of the stakeholders' request, the Commission directed TSDISCOMs to reply to the stakeholders' submission and further provided the opportunity to the stakeholders to make additional submissions based on the replies of TSDISCOMs. Ample opportunity has been provided for the stakeholders to make their submissions and therefore, the Commission does not accept the request to conduct a Public Hearing in the matter.

37. The present matter relates to consent for relinquishment of TSDISCOMs share in RSTPS-I & II and NLC TPS II-I & II aggregating to 523.37 MW pursuant to the MoP Guidelines dated 22.03.2021. The Commission has perused the MoP Guidelines, submissions of TSDISCOMs and the stakeholders in the matter. The Commission now proceeds to decide the matter hereunder.

38. The unit wise CODs of RSTPS-I & II and NLC TPS II-I & II are as under:

**Table 2: Unit wise CODs of RSTPS-I & II**

Unit No.	Installed capacity (MW)	COD	Agreement details
1	200	01.03.1984	BPSA dated 28.09.2013 and Supplementary Agreements dated 13.08.2015
2	200	01.11.1984	
3	200	01.05.1985	
4	500	01.11.1988	
5	500	01.09.1989	
6	500	01.04.1991	

**Table 3: Unit wise CODs of NLC TPS II-I & II**

Unit No.	Installed capacity (MW)	COD	Agreement details
<b>NLC TPS II-I</b>			BPSA dated 18.02.1999 subsequently replaced with Power Supply Agreement (PSA) dated 21.02.2015
1	210	29.09.1986	
2	210	08.05.1987	
3	210	23.04.1988	
<b>NLC TPS II-II</b>			
1	210	25.01.1992	
2	210	02.06.1992	

Unit No.	Installed capacity (MW)	COD	Agreement details
3	210	17.03.1993	
4	210	09.04.1994	

39. The station COD of RSTPS-I & II, NLC TPS II-I and NLC TPS II-II was achieved on 01.04.1991, 23.04.1988 and 09.04.1994 respectively. Out of the total installed capacity of RSTPS-I & II, NLC TPS II-I and NLC TPS II-II of 2100 MW, 630 MW and 840 MW, the present allocation to TSDISCOMs is 358.37 MW (17.07% of the installed capacity), 59.05 MW (9.37% of the installed capacity) and 105.95 MW (12.61% of the installed capacity) respectively. The tariff for supply of electricity from RSTPS-I & II and NLC TPS II-I & II is governed by the Tariff Regulations and Orders issued by CERC from time to time. Regulation 3(73) of the CERC (Terms and Conditions of Tariff) Regulations, 2019 (“CERC Tariff Regulations, 2019”) define useful life as under:

*“**Useful Life**’ in relation to a unit of a generating station, integrated mines, transmission system and communication system from the date of commercial operation shall mean the following:*

(a) *Coal / Lignite based thermal generating station 25 years*

... ..

*Provided that the extension of life of the projects beyond the completion of their useful life shall be decided by the Commission on case to case basis;”*

40. Further, ‘Extended Life’ has been defined in Regulation 3(24) of the CERC Tariff Regulations, 2019 as under:

*“**Extended Life** means the life of a generating station or unit thereof or transmission system or element thereof beyond the period of useful life, as may be determined by the Commission on case to case basis;”*

41. Thus, the CERC Tariff Regulations, 2019 specifies the useful life of the coal based thermal generation station as 25 years and that the useful life of these generating station or unit thereof may be extended by CERC on case-to-case basis. Both RSTPS-I&II and NLC TPS II-I & II have completed the useful life of 25 years.

42. The stakeholders have expressed their views in favour of maintaining status-quo citing reasons mainly hinged on tariff comparisons. Based on the submissions of TSDISCOMs and the stakeholders, the following issue arise for consideration:

***What shall be the criteria for deciding on the proposed relinquishment of power?***

***Whether the proposed relinquishment of power fulfils those criteria?***

43. The present case relates to the relinquishment of the allocation from these stations and therefore, the enabling provisions for the same need examination.

44. Clause 12 of the BPSA dated 28.09.1993 reads as under:

**“EFFECTIVE DATE AND DURATION OF AGREEMENT**

*The Agreement shall be deemed to have come into force with effect from 1st November, 1992 for all purposes and intent and shall remain operative upto 31st October, 1997 provided that this Agreement may be mutually extended, renewed or replaced by another Agreement on such terms and for such further period of time as the parties may mutually agree. In case Bulk Power Recipient(s) continue to get power from Ramagundam STPS even after expiry of this Agreement without further renewal or formal extension thereof then all the provisions of this Agreement shall continue to operate till this Agreement is formally renewed, extended or replaced.”*

45. Clause 11 of the PSA dated 21.02.2015 reads as under:

**“EFFECTIVE DATE AND DURATION OF AGREEMENT**

*The Agreement shall come into effect for all purposes and intent from the date of signing of the Agreement. This Agreement shall remain operative upto completion of **Fifteen (15) years**. This agreement is continue to be valid till the agreement is formally renewed or extended or replaced on mutual terms.”*

46. From the provisions of the BPSA / PSA as reproduced above, it can be observed that the agreements refer to renewal or extension or replacement but they are silent on exit / termination.

47. Regulation 17 of the CERC (Terms and Conditions of Tariff) Regulations, 2019 (“CERC Tariff Regulations, 2019”) specifies as under:

**“17. Special Provisions for Tariff for Thermal Generating Station which have Completed 25 Years of Operation from Date of Commercial Operation:** (1) *In respect of a thermal generating station that has completed 25 years of operation from the date of commercial operation, the generating company and the beneficiary may agree on an arrangement, including provisions for target availability and incentive, where in addition to the energy charge, capacity charges determined under these regulations shall also be recovered based on scheduled generation.*

(2) *The beneficiary shall have the first right of refusal and upon its refusal to enter into an arrangement as above, the generating company shall be free to sell the electricity generated from such station in a manner as it deems fit.”*

48. Regulation 17 is a special provision that has been carved out in respect of generating stations that have completed 25 years of operation after COD and is an exception to other provisions of the CERC Tariff Regulations, 2019. By invoking Regulation 17(1), either the generating company or the beneficiary are entitled to initiate the process of reaching an agreement in respect of a thermal generating station that has completed 25 years of operation from COD. Regulation 17(2) provides the beneficiary the first right of refusal for any arrangement under Regulation 17(1) and upon its refusal to enter into an arrangement, the generating company shall be free to sell the electricity generated in a manner as it deems fit. Further, neither Regulation 17(1) nor Regulation 17(2) provides for or depends upon any pre-existing agreement between the generating company and the beneficiary for its provisions to be invoked. The first right to refusal provided in Regulation 17(2) can be exercised by the beneficiary once the generating station has completed 25 years from its COD. TSDISCOMs made no mention about the exercise of Regulation 17 and hence it is understood that neither TSDISCOMs nor NTPC/NLC have traversed that path in respect of RSTPS-I & II / NLC TPS II-I & II.

49. The MoP Guidelines dated 22.03.2021 enables the distribution companies to either continue or exit from the PPA subject to the specified conditions. The MoP Guidelines enable the TSDISCOMs to relinquish their share from eligible CGSs after expiry of the term of the agreement i.e., on completion of 25 years from COD of the plant or a period specified in the agreement. RSTPS-I&II has completed 25 years from

COD and the BPSA dated 28.09.2013 does not specify any duration for the agreement. Therefore, the proposal for relinquishment of power from RSTPS-I&II is squarely covered under the MoP Guidelines. NLC TPS II-I & II has also completed 25 years from COD but the PSA dated 21.02.2015 specifies the duration of the agreement as fifteen (15) years from date of signing of the agreement. Therefore, the duration of the PSA dated 21.02.2015 is upto 20.02.2030. It appears that TSDISCOMs have relied on the point of completion of 25 years post COD for proposing relinquishment of power from NLC TPS II-I & II. It is not clear if the proposal for relinquishment of power from NLC TPS II-I & II is covered under the MoP Guidelines as the PSA specifies a fixed duration. This issue can be clarified only by the competent authority. Nevertheless, as TSDISCOMs are only making a proposal at this stage, the Commission does not find the need to hinder TSDISCOMs proposal, for want of clarity.

50. As per para 2 (II) of the Guidelines, the request for relinquishment of power from eligible CGSs can be submitted only after the approval of the State Commission which shall ensure the adequacy of power to meet the demand of electricity for all the consumers. Therefore, the approval of the Commission for relinquishment of power from eligible CGSs is solely dependent on whether there is adequate power to meet the demand, without considering the power availability from such CGSs. The Commission now proceeds to determine the adequacy of power as under.

51. The peak power supply position of Telangana State, as per the reports of Transmission Corporation of Telangana Limited (TSTRANSCO), during the last 3 years is as under:

**Table 4: Peak power supply position of Telangana State**

FY	Minimum demand	Maximum demand
	(MW)	(MW)
2019-20	6,359	13,168
2020-21	5,599	13,688
2021-22 (upto 30.09.2021)	6,284	13,595

52. As can be observed from the above table, there is significant difference in the minimum demand and the maximum demand of the State.

53. As per the Central Electricity Authority's Report on Long Term Electricity Demand Forecasting published in August 2019, the forecasted peak electricity demand for FY 2036-37 under the baseline, optimistic and pessimistic scenarios is 18,595 MW, 19,662 MW and 17,068 MW respectively. As submitted by TSDISCOMs in OP No.15 to 19 of 2021, the total contracted generation capacity including the upcoming generating stations is 25,760 MW. If the power allocation from RSTPS-I&II and NLC TPS II-I & II to the extent of 523.37 MW is excluded, the contracted generation capacity works out to 25,236.63 MW. This contracted generation capacity cannot be considered as entirely available due to the intermittency of solar and wind power, planned and forced outages of thermal power, uncertainty in water availability for hydro power, delays in upcoming generating stations and other exigencies. The subsisting position is that the TSDISCOMs are able to meet the electricity demand from the contracted sources.

54. It is also appropriate to examine the likely scenarios after the approval for relinquishment of power, to assess the adequacy of power. After the grant of approval by the Commission, TSDISCOMs are entitled to initiate the process by giving six (6) months' advance notices for their intention to relinquish power from RSTPS-I & II and NLC TPS II-I & II to NTPC and NLC respectively. Three scenarios can be envisaged post the approval by the Commission. First, TSDISCOMs initiate the process for relinquishment of power from RSTPS-I & II and NLC TPS II-I & II and on fulfilment of all the stipulations in the MoP Guidelines, the power allocation from these stations would be treated as withdrawn. Secondly, TSDISCOMs initiate the process but do not fulfil the stipulations in the MoP Guidelines, the TSDISCOMs can continue to avail allocated power from these stations. Thirdly, the TSDISCOMs do not initiate the process for relinquishment of power, in which case the status quo prevails and the TSDISCOMs can continue to avail allocated power from these stations.

55. Therefore, even if TSDISCOMs initiate the process for relinquishment of power from RSTPS-I&II and NLC TPS II-I & II, they have at least six (6) months' period for planning for any exigencies in power availability. Further, TSDISCOMs submitted that the quantum of relinquished power from RSTPS-I&II and NLC TPS II-I & II can be met from SGS by operating beyond 70% PLF.

56. In view of the above, the Commission hereby accords consent for relinquishment of power allocation from RSTPS-I&II (358.37 MW) and NLC TPS II-I&II (59.05 MW from Stage I and 105.95 MW from Stage II) in terms of the guidelines issued by the Ministry of Power, Government of India vide Lr. No. 23 / 23 / 2020 -R&R (245623) Dt. 22.03.2021.

57. TSDISCOMs are directed to apprise the Commission of correspondences with NTPC/NLC in the matter from time to time.

***This Order is corrected and signed on this the 17<sup>th</sup> day of November, 2021.***

<b>Sd/-</b> (BANDARU KRISHNAIAH) MEMBER	<b>Sd/-</b> (M.D.MANO HAR RAJU) MEMBER	<b>Sd/-</b> (T.SRIRANGA RAO) CHAIRMAN
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## Annexure-I

### Notice



**TELANGANA STATE ELECTRICITY REGULATORY COMMISSION**  
5<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul, Hyderabad 500004

#### NOTICE

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1. TSDISCOMs viz., Southern Power Company of Telangana Limited (TSSPDCL) and Northern Power Company of Telangana Limited (TSNPDCL), have submitted before the Telangana State Electricity Regulatory Commission (TSERC) for Relinquishment of TS Share from the
  - I. Bulk Power Sale Agreement (BPSA) entered between TSDISCOMs with NTPC Limited for NTPC Ramagundam Super Thermal Power Station (Stage I&II), for 358.37 MW capacity.
  - II. Power Sale Agreement (PSA) entered between TSDISCOMs with Neyveli Lignite Corporation Ltd for Neyveli Thermal Power Station II (stage I and Stage II), for 59.05 MW capacity from NLC TPS-II Stage I and 105.95 MW capacity from NLC TPS(Stage-II) (total capacity 165 MW of NLC TPS(Station-II))

The TSDISCOMs have requested the Commission to accord consent for relinquishment of total 523.37 MW power for the above mentioned BPSA and PSAs in terms of guidelines issued by Ministry of Power, Government of India vide Lr.No.23/23/2020-R&R(254623). Dt 22.03.2021..

2. Copies of the proposals, guidelines issued by Ministry of Power, Government of India are uploaded on the Commission's website [www.tserc.gov.in](http://www.tserc.gov.in). Suggestions/ Objections/ Comments in the subject matter are invited from all stakeholders and public at large, so as to reach the following address on or before **18.10.2021 by 5.00 P.M.**

**Commission Secretary [FAC]**  
**Telangana State Electricity Regulatory Commission**  
5<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul,  
Hyderabad 500004  
E-mail id: [secy@tserc.gov.in](mailto:secy@tserc.gov.in)

DATE: 20.09.2021

  
**COMMISSION SECRETARY [FAC]**  
SECRETARY  
T.S. Electricity Regulatory Commission  
D.No. 11-4-660, 5th Floor, Singareni Bhavan,  
Red Hills, Hyderabad-500 004.

## Annexure-II

### List of stakeholders who submitted written suggestion and comments

Sl. No.	Name of the Stakeholder
1)	Sri S.Surya Prakasa Rao, Former Director (Commercial), erstwhile APCPDCL and Former Secretary, erstwhile APERC, 105, Ashok Chandra Enclave, 11-4-660, Redhills, Hyderabad – 500 004
2)	NTPC Limited, NTPC Bhavan, Kavadiguda Main Road, Secunderabad 500 080
3)	Sri M.Venugopala Rao, Senior Journalist & Convenor, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony, Gopanpally, Serlingampally Mandal, Hyderabad 500 032
4)	Sri M.Thimma Reddy, Convener, People's Monitoring Group on Electricity Regulation, H.No.3-4-107/1, (Plot No.39), Radha Krishna Nagar, Attapur, Hyderabad 500 048
5)	Prof. Narasimha Reddy Donthi, Public Policy Expert