



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

**O.P.No.8 of 2016**

**Dated 22.10.2021**

**Present**

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

**In the matter of according consent to the Power Purchase Agreement entered into between Southern Power Distribution Company of Telangana Limited, Northern Power Distribution Company of Telangana Limited and Singareni Collieries Company Limited for procurement of power from 2x600 MW Singareni Thermal Power Project situated at Pegadapalli Village, Jaipur Mandal in Adilabad District, Telangana**

**ORDER**

**Background**

1. The erstwhile Government of Andhra Pradesh (GoAP) had accorded approval to Singareni Collieries Company Limited (SCCL), a public sector company owned by the State Government and Government of India (GoI) in the ratio of 51:49 for setting up of Singareni Thermal Power Project (2x600 MW) Stage-I at Pegadapalli Village, Jaipur Mandal in Mancherial (united Adilabad) District, generally referred to as 'Project' or 'STPP', which will be executed and to be owned and operated by SCCL.
2. A draft Power Purchase Agreement (PPA) was entered on 29.09.2010 between SCCL and the then Distribution Companies of Andhra Pradesh for sale of power from Singareni Thermal Power Project (2 x 600 MW) Stage-I and the same was submitted to the then Commission (erstwhile APERC) for its consent / approval under Section 86 (1) (b) of the Electricity Act, 2003 read with Section 21 (4) of the Andhra Pradesh Electricity Reform Act, 1998 (APER Act).

3. The then Commission (erstwhile APERC) has returned the draft PPA vide letter No. E - 322 / Tariff / DD (T - Engg.) / 01 / 14, dated 24.09.2014 stating that the Commission was not inclined to give its consent to PPAs which do not specify precisely the tariff payable.

4. The Government the Telangana State (GoTS) vide D.O. letter No. 451 / Budget / 2015-2, dated 21.08.2015 suggested TSDISCOMs to enter a fresh PPA with SCCL duly examining all legal aspects.

5. As per clarification received from the then learned Advocate General of Telangana State vide No.17 of 2015 dated 31.12.2015 stating that, *“the draft PPA submitted by the then four (4) DISCOMs of Andhra Pradesh to the then Commission (erstwhile APERC) and the same was returned without consent from the then Commission, the PPA is void under sub-section (5) of Section 21 of APER Act, read with Section 86(1)(b) of the Electricity Act, 2003. Therefore, the proposed draft PPA dated 29.09.2010 is not a valid PPA and TSDISCOMs can enter into a fresh PPA with SCCL.”* A fresh Power Purchase Agreement (PPA) dated 18.01.2016 was executed between SCCL and the Southern Power Distribution Company of Telangana Limited (TSSPDCL) and the Northern Power Distribution Company of Telangana Limited (TSPNDCL) (collectively referred to as “TSDISCOMs”) for sale of power from Singareni Thermal Power Project (2x600 MW) Stage-I at the tariff determined by the Telangana State Electricity Regulatory Commission (TSERC) under Section 62 of the Electricity Act, 2003.

### **Present Petition**

6. TSSPDCL as the lead procurer for TSDISCOMs has sought approval to the PPA dated 18.01.2016 vide letter No. CGM / Comml / SE / IPC / F. Singareni / D. No.1714 /16, dated 27.01.2016 under Section 86 (1) (b) of the Electricity Act, 2003 read with Section 21(4) of APER Act in respect of Singareni Thermal Power Project Stage-I (2x600 MW).

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

7. The Commission has taken the requests of TSDISCOMs on record, examined with reference to the legality i.e., in the context of the provisions of the Electricity Act, 2003, APER Act, Policy, provisions under applicable Regulations and sustainability of

the clauses in the PPAs and decided to finalise the approval or consent of the PPAs through public consultation process and assigned O.P.No.8 of 2016.

### **Regulatory provisions for approval or consent of PPA by the Commission**

8. The following are the Regulatory provisions in the matter of approval or consent of PPA by the Commission in the subsequent paragraphs.

#### **Section 86 (1) (b) of the Electricity Act, 2003 [Functions of State Commission]**

(b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State.

... ..

#### **Section 21(4) of APER Act, 1998]**

(4) A holder of a supply or transmission licence may, unless expressly prohibited by the terms of its licence, enter into arrangements for the purchase of electricity from, -

(a) the holder of a supply licence which permits the holder of such licence to supply energy to other licensees for distribution by them; and

(b) any person or Generating Company with the consent of the Commission.

... ..

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

9. The Commission notified a Public Notice dated 28.03.2016 inviting comments, objections and suggestions from all the stakeholders interested in the matter and public at large, with the last date for filing of comments, objections and suggestions as on 30.04.2016. The said PPA was placed on the website of the Commission ([www.tserc.gov.in](http://www.tserc.gov.in)) as well as the websites of TSDISCOMs ([www.tssouthernpower.com](http://www.tssouthernpower.com)) and SCCL ([www.scclmines.com](http://www.scclmines.com)). In consideration of requests of the stakeholders, the last date was subsequently extended till 21.05.2016. The copies of the Public Notices are enclosed as **Annexure-I**.

## **Response to Public Notice**

10. In response to the above Public Notices, comments/objections/suggestions have been received from four (4) stakeholders. The list of stakeholders who have submitted the comments / objections / suggestions is enclosed at **Annexure-II**. TSDISCOMs as well as SCCL have submitted their replies to the comments / objections / suggestions of the stakeholders.

11. The Commission in its Order dated 19.06.2017 in O.P.No.9 of 2016 determined the capital cost and generation tariff for Singareni Thermal Power Project (STPP) (2x600 MW) for the period from FY 2016-17 to FY 2018-19. The Commission in the stated Order observed as under:

### **“2. STAKEHOLDER CONSIDERATION**

... .... It has been observed that the stakeholders provided their objections / suggestions / comments on the provisions of the PPA also. As the instant Petition is for determination of Capital Cost and generation tariff, the objections / suggestions / comments pertaining to determination of Capital Cost and generation tariff have been discussed in this Order. The objections / suggestions / comments pertaining to provisions of the PPA shall be considered during the approval of the PPA.”

12. The stakeholders’ submission, replies of TSSPDCL and SCCL thereto and Commission’s views thereon are as under:

### **Issue 1: Definitions**

#### **Stakeholders’ submission**

12.1 “Authority” has been defined as the Central Electricity Authority referred to in the Electricity (Supply) Act, 1948 or any successor entity entrusted with its functions and capacities. As the Electricity (Supply) Act, 1948 has been repealed by the Electricity Act, 2003, “Authority” shall be the Central Electricity Authority referred to in the Electricity Act, 2003.

12.2 Article 1.6.4 states that the capital cost includes any additional works / services that become necessary for efficient and successful operation of the generating station, but not included in the original capital cost as per Commission’s Regulations applicable from time to time. The stakeholder raised

concern regarding inclusion of items in capital cost that are not allowable in accordance with the Regulations.

### **Replies**

12.3 TSSPDCL and SCCL submitted that the definition of “Authority” may be modified as the Central Electricity Authority referred to in the Electricity Act, 2003.

12.4 TSSPDCL and SCCL submitted that Article 1.6.4 has been reproduced from (Terms and conditions for determination of tariff for supply of electricity by a generating company to a distribution licensee and purchase of electricity by distribution licensees) Regulation, 2008 [Regulation No. 1 of 2008].

### **Commission’s view**

12.5 The Commission has taken note of the stakeholders’ submission and replies thereto.

## **Issue 2: Available Capacity**

### **Stakeholders’ submission**

12.6 The first para of Article 3.3 states that, from and after the Commercial Operation Date (COD) of the 1<sup>st</sup> unit, SCCL shall sell and TSDISCOMs shall purchase the entire Declared Capacity and Net Electrical Energy generated by the Unit/Project from STPP whereas, the second para of Article 3.3 states that the obligation of SCCL for sale of power to TSDISCOMs shall be 80% of the declared capacity. Both these paras are contradicting. As TSDISCOMs shall pay full fixed charges, 100% declared capacity shall have to be sold to TSDISCOMs.

### **Replies**

12.7 TSSPDCL and SCCL submitted that the first para of Article 3.3 states that, from and after the Commercial Operation Date (COD) of Unit 1, SCCL shall sell and TSDISCOMs shall purchase the entire declared capacity and net electrical energy generated by the Unit/Project from STPP. TSSPDCL further submitted that the second para shall be modified to reflect the same.

### **Commission’s view**

12.8 The Commission has taken note of the stakeholders’ submission and replies thereto.

### **Issue 3: Norms of operation**

#### **Stakeholders' submission**

12.9 Article 4.2.5(e) states that the target Availability for recovery of full fixed charges as 80% whereas the Tariff Regulations of Central Electricity Regulatory Commission (CERC) specify the same as 85%. Article 4.5(a) states that the target Plant Load Factor (PLF) for incentive shall be 80% whereas the CERC Tariff Regulations specify the same as 85%. The target Availability for recovery of full fixed charges and target PLF for incentive may be specified in line with the CERC Tariff Regulations by invoking the powers of the Commission under Clauses 20 and 21 of the Regulation No. 1 of 2008.

#### **Replies**

12.10 TSSPDCL and SCCL submitted that the target Availability for recovery of full fixed charges and target PLF for incentive have been specified in accordance with the Regulation No. 1 of 2008. TSSPDCL further submitted that the same as specified by the Commission in its Tariff Regulations shall apply from time to time.

#### **Commission's view**

12.11 As per Article 4.4, the norms of operation shall be as per the prevailing Regulations of the Commission.

### **Issue 4: Payment mechanism**

#### **Stakeholders' submission**

12.12 Article 6.3 states that LC has to be opened by TSDISCOMs in favour of SCCL to cover one-month receivables valid for the term of the PPA. Annexure V states that the TSDISCOMs have to provide an alternative payment security arrangement in the form of Escrow Arrangement as a back up to LC. As there is a provision for LC, additional Escrow Arrangement may not be required.

#### **Replies**

12.13 SCCL submitted that as per Clause 1.0 and 2.0 of Annexure V, TSDISCOMs have to establish an irrevocable Revolving LC in favour of SCCL with any Public Sector / Scheduled Commercial Bank for 105% of month's estimated billing. Whereas, Escrow account has to be provided as an alternative payment security arrangement as a back-up to LC. This is another security arrangement for payment of power bills in the event of non-realisation of bills through LC for any reason. Power shall be supplied on perpetual basis

and therefore escrow account has to be maintained in tandem with revolving LC to ensure that LC is recouped in time.

#### **Commission's view**

12.14 The Commission has taken note of the stakeholders' submission and replies thereto. The Commission is of the view to modify the Article 6.3 'Payment Mechanism' as detailed in Table 1.

#### **Issue 5: Buy out option**

##### **Stakeholders' submission**

12.15 Article 10.1 states that the Agreement may be extended, renewed, amended or replaced by another Agreement, on or before expiry, on such terms and for such further period of time as the parties mutually agree subject to prior consent of the Commission. The Agreement has to provide for buyout of STPP by TSDISCOMs at the end of 25 years period.

##### **Replies**

12.16 TSSPDCL submitted that there is no buy out in respect of State and Central Generating Stations.

12.17 SCCL submitted that STPP is an integral part of SCCL and it shall be the prerogative of SCCL to take decision regarding sale of STPP.

##### **Commission's view**

12.18 The Commission's Regulations does not provide for buy out as sought by the stakeholder and therefore, such a condition cannot be enforced by the Commission.

#### **Issue 6: Performance test**

##### **Stakeholders' submission**

12.19 Clause 1.3 of the Annexure-II states that a generating unit shall not be rejected by TSDISCOMs on the grounds of installed capacity test being demonstrated, at less than 540 MW in spite of the best efforts made by SCCL. If the declared capacity is less than 540 MW i.e., 90% of the installed capacity, it cannot be accepted. The contract placed by SCCL with BHEL shall take care of this aspect.

##### **Replies**

12.20 TSSPDCL submitted that Unit has to demonstrate Performance Acceptance Test as per CEA Regulations.

12.21 SCCL submitted that the CERC (Indian Electricity Grid Code) (Fourth Amendment) Regulations, 2016 specify as under:

“5(1)(vii) Where on the basis of the trial run, a unit of the generating station fails to demonstrate the unit capacity corresponding to Maximum Continuous Rating or Installed Capacity or Name Plate Rating, the generating company has the option to de-rate the capacity or to go for repeat trial run. Where the generating company decides to de-rate the unit capacity, the demonstrated capacity in such cases shall be more or equal to 105% of de-rated capacity.”

12.22 SCCL submitted that Clause 1.3 of Annexure-II contemplates very unlikely event of the generating unit not being capable of producing even 540 MW and stipulates that the same shall be accepted by the DISCOM. This provision has been included in the larger public interest. On occurrence of any such event, the Unit may be de-rated.

**Commission’s view**

12.23 The Commission has taken note of the stakeholders’ submission and replies thereto.

13. With the above background, the Commission hereby proceeds with the approval of PPA entered into between SCCL and TSDISCOMs for procurement of power from STPP. The Commission’s approval is based on the scrutiny of the provisions of the PPA keeping in view, the provisions of the Regulations, the issues raised by the stakeholders, replies of TSSPDCL and SCCL thereto, with the objective of balancing the interest of SCCL, TSDISCOMs and the electricity consumers. The Commission has discussed the provisions of the PPA that are required to be modified, in the following table. As regards the other provisions of the PPA, for the sake of brevity, the Commission has not repeated the same as they need not be modified, and those existing provisions stand approved.

**Table 1: Provisions of PPA that are required to be modified**

<b>Article</b>	<b>Existing provision</b>	<b>To be modified as</b>
Cover page and Heading of PPA	TELANGANA STATE SOUTHERN POWER DISTRIBUTION COMPANY LIMITED TELANGANA STATE	SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

Article	Existing provision	To be modified as
	NORTHERN POWER DISTRIBUTION COMPANY LIMITED	NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED
First Para of Recital of PPA	Telangana State Southern Power Distribution Company Limited constituted on 02-06-2014 under AP Reorganisation Act 2014 and the sub-section (6) of section 23 of Andhra Pradesh Electricity Reform Act, 1998 (Act, 30 of 1998) and having its registered office at 6-1-50, Corporate Office, Mint Compound, Hyderabad 500 063 (hereinafter referred to as "TSSPDCL"); Telangana State Northern Power Distribution Company Limited, constituted on 02.06.2014 under AP Reorganisation Act 2014 the sub-section (6) of section 23 of Andhra Pradesh Electricity Reform Act, 1998 (Act, 30 of 1998) and having its registered office at H.No.2-5-31/2, Corporate Office, Vidyut Bhavan, Nakkalagutta, Hanamkonda, Warangal 506001 (hereinafter referred to as "TSNPDCL"); (hereinafter each of TSSPDCL and TSNPDCL are, as the context may require, individually	Southern Power Distribution Company of Telangana Limited constituted on 02-06-2014 under AP Reorganisation Act 2014 and the sub-section (6) of section 23 of Andhra Pradesh Electricity Reform Act, 1998 (Act, 30 of 1998) and having its registered office at 6-1-50, Corporate Office, Mint Compound, Hyderabad 500 063 (hereinafter referred to as "TSSPDCL"); Northern Power Distribution Company of Telangana Limited, constituted on 02-06-2014 under AP Reorganisation Act 2014 and the sub-section (6) of section 23 of Andhra Pradesh Electricity Reform Act, 1998 (Act, 30 of 1998) and having its registered office at H.No.2-5-31/2, Corporate Office, Vidyut Bhavan, Nakkalagutta, Hanamkonda, Warangal 506001 (hereinafter referred to as "TSNPDCL"); (hereinafter each of TSSPDCL and TSNPDCL are, as the context may require, individually referred to as "TSDISCOM" and collectively referred to as the "TSDISCOMs"

Article	Existing provision	To be modified as
	referred to as “TSDISCOMS” and collectively referred to as the “TSDISCOMS” which expression shall, unless it be repugnant to the context or meaning thereof include its successors and assigns), as parties of the first part, and	which expression shall, unless it be repugnant to the context or meaning thereof include its successors and assigns), as parties of the first part, and
Fourth Para of Recital of PPA	AND WHEREAS TSDISCOMS are desirous of purchasing the capacity of 1200 MW from Singareni Thermal Power Project (2 x 600 MW) Stage-I and SCCL is willing to sell the same to TSDISCOMS on mutually agreed terms and conditions.	AND WHEREAS TSDISCOMs are desirous of purchasing all the declared capacity and energy from Singareni Thermal Power Project (2x600 MW) Stage-I and SCCL is willing to sell the same to TSDISCOMs on mutually agreed terms and conditions.
<b>Article 1</b>	<b>Interpretation and Definitions</b>	<b>Interpretation and Definitions</b>
1.2	<b>Agreement to Hypothecate cum Deed of Hypothecation</b> – shall have the meaning as ascribed in Annexure V.	To be deleted.
1.6	<b>Approved Capital Cost:</b> to be taken into account at any time for the purposes of Tariff means, the amount of Capital Cost of the Project shall be the aggregate of the following sub-items.	<b>Approved Capital Cost:</b> to be taken into account at any time for the purpose of the Tariff means, the amount of Capital Cost of the Project admitted subject to approval of TSERC.
1.6.1	The Completed Cost approved by TSERC up to COD.	
1.6.2	Any additional Project costs incurred for execution of the Project by SCCL and approved	

Article	Existing provision	To be modified as
	by the TSERC to be included in the final Capital Cost.	
1.6.3	Cost of initial spares subject to limitation of 2.5% of the Original Project cost.	
1.6.4	Any additional works / services that became necessary for efficient and successful operation of the generating station, but not included in the original project cost as per TSERC regulations applicable from time to time.	
1.7	<b>Authority:</b> means the Central Electricity Authority referred to in Electricity (Supply) Act, 1948 or any successor entity entrusted with its functions and capacities.	<b>Authority</b> or <b>CEA:</b> means the Central Electricity Authority referred to in section 70 of the Act.
1.8	<b>Auxiliary Consumption:</b> Auxiliary consumption means the energy consumed by SCCL for operating the unit and facilities in the power plant. The difference between generation and net energy export (Ex-Bus) which is measured for billing purposes by means of the existing meters at SCCL generator terminals as well as outgoing feeders from the stations bus is Auxiliary Consumption.	<b>Auxiliary Energy Consumption (AUX):</b> in relation to a period, in case of a Generating Station or Unit, means the quantum of energy consumed by auxiliary equipment of the Generating Station, such as the equipment being used for the purpose of operating plant and machinery, including switchyard of the Generating Station and the transformer losses within the Generating Station, and shall be expressed as a percentage of the sum of gross energy generated at

Article	Existing provision	To be modified as
		the generator terminals of all the Units of the Generating Station: Provided that the Auxiliary Energy Consumption shall not include the energy consumed for supply of power to housing colony and other facilities at the Generating Station and the power consumed for construction works at the Generating Station.
1.18	<b>COD of the Project:</b> means the Commercial Operation Date of both the Units.	<b>COD of the Project:</b> means the Commercial Operation Date of the last Unit of the project.
1.22	<b>Date of Effectiveness of Agreement:</b> Date of signing of this agreement including payment security as envisaged in Annexure V.	<b>Date of Effectiveness of Agreement:</b> Date of Effectiveness of Agreement shall be the synchronisation date of first Unit.
1.28	<b>Dispatch Instructions:</b> The Dispatch Instruction shall be as mentioned in the Grid Code as per clause 1.24.	<b>Dispatch Instructions:</b> The Dispatch Instruction shall be as per the Telangana State Electricity Regulatory Commission (State Electricity Grid Code) Regulation, 2018 [Regulation No.4 of 2018] as amended from time to time.
1.33	<b>Escrow Agreement:</b> Shall have the meaning as ascribed in Annexure V.	To be deleted.
1.34	<b>Grid Code:</b> Grid Code means the Code of Technical Interface (Grid Code) 2001 Revision 1, June 2001 as approved by	<b>Grid Code:</b> means the Indian Electricity Grid Code specified by the Central Commission or the Telangana State Electricity

Article	Existing provision	To be modified as
	APERC vide Proceedings No. APERC / Dir-Engg / Grid- Code / 20 dated 26-05-2001 and adopted by TSERC Lr. No. TSERC No. L-01 / DD Law-1 Dt. 24-11-2014 as Regulation No.1 of 2014.	Regulatory Commission (State Electricity Grid Code) Regulation, 2018 [Regulation No.4 of 2018] whichever is applicable as amended from time to time or subsequent re-enactment thereof.
1.36	<b>Income Tax:</b> Taxes on Income actually payable and paid shall be limited to Tax on Return on the Equity component of the RoCE, and exclusive of tax on profit, if any, in excess of such return, penalties, interest on delayed payment of tax etc., and duly adjusted for any refund etc. received for previous periods.	To be deleted.
1.44	<b>Meter:</b> 'Meter' means a device suitable for measuring, indicating and recording consumption of electricity or any other quantity related with electrical system and shall include, wherever applicable, other equipment such as Current Transformer (CT), Voltage Transformer (VT) or Capacitor Voltage Transformer (CVT) necessary for such purpose;	<b>Main, Check and Standby Meter:</b> Meter for measurement and checking of import / export of energy at interconnection point for Energy Accounting.
1.48	<b>Plant Load Factor (PLF):</b> The Plant Load Factor in a Tariff Year expressed in percentage is:	<b>Plant Load Factor (PLF):</b> The Plant Load Factor in a Tariff Year expressed in percentage is:

Article	Existing provision	To be modified as
	<p style="text-align: center;"> <math display="block">PLF = \frac{\text{Total net Electrical Energy measured at Interconnection Point} \times 100}{(\text{Installed Capacity of Thermal Power Station in MW}) \times (8760) \times (100 - A)}</math> </p> <p>Where A is the auxiliary consumption expressed in percentage of the thermal Power station;</p>	<p style="text-align: center;"> <math display="block">PLF = 10000 \times \frac{\sum_{i=1}^N SG_i}{N \times IC \times (100 - Aux_n)} \% \text{ where}</math> </p> <p>N: No. of time blocks in the given period;</p> <p>SG<sub>i</sub>: Schedule Generation in MW for the i<sup>th</sup> time block in such period;</p> <p>IC: Installed Capacity of the generating station in MW;</p> <p>AUX<sub>n</sub>: Normative auxiliary consumption in MW expressed as percentage of gross generation;</p>
<b>Article 2</b>	<b>Allocation, Transmission &amp; Wheeling of Power</b>	<b>Allocation, Transmission &amp; Wheeling of Power</b>
2.2.2	<p>The allocation made from the Project by Government of Telangana or any other competent authority in favour of TSSPDCL and TSNPDCL shall be contracted capacity subject to signing of the agreement, opening of LC and providing appropriate payment security mechanism as provided at annexure V in this agreement. TSSPDCL and TSNPDCL shall draw electricity against the above contracted capacity limited to the amount of LC opened and maintained by it. SCCL shall intimate SLDC from time to time regarding the</p>	To be deleted.

Article	Existing provision	To be modified as
	quantum of capacity TSSPDCL and TSNPDCL are eligible to draw.	
<b>Article 3</b>	<b>Sale and Purchase of Available Electrical Capacity and Energy</b>	<b>Sale and Purchase of Available Electrical Capacity and Energy</b>
3.1.1	<p><b>Scheduling:</b> It is understood and agreed by and between the parties SCCL shall operate the project as a base load station as per the manufacturers' guidelines, applicable grid operating standards, directions of the TSERC and relevant statutory provisions, as applicable from time to time. Methodology of generation scheduling shall be as per IEGC and TSERC appropriate regulations.</p> <p>All charges / fees related to scheduling and despatch of electricity shall be borne by TSSPDCL and TSNPDCL.</p> <p>SCCL shall make declaration of the capacity at the busbars of the station after taking into account the capability of the station to deliver Ex-Bus which shall be considered while calculating Declared Capacity (DC).</p>	To be deleted.

Article	Existing provision	To be modified as
3.3	<p><b>Sale and Purchase of Declared Capacity and Net Electrical Energy:</b> From and after the Commercial Operation Date of the 1<sup>st</sup> Unit, subject to the provisions of this Agreement, SCCL shall sell, and TSSPDCL and TSNPDCL shall purchase, the entire Declared Capacity and all Net Electrical energy generated by the Unit / Project from the (2 x 600 MW) Power Project for the consideration set forth in this agreement.</p> <p>The obligation of SCCL to sell capacity to the TSDISCOMs under this PPA shall, in each Settlement Period, be 80% of the declared capacity of the Unit / Project or to be revised as per TSERC tariff Regulations issued from time to time.</p> <p>(a) SCCL shall always inform, along with the Availability Declaration, the capacity committed to TSDISOMs for each Settlement period.</p> <p>(b) <b>Net Electrical Energy:</b> Means the Energy Units actually delivered to TSSPDCL and</p>	<p><b>Sale and Purchase of Declared Capacity and Net Electrical Energy:</b> Save as otherwise provided in this Agreement, from and after the COD of the First Generating unit, SCCL shall make available and deliver, and TSDISCOMs shall purchase for the consideration set forth in this Agreement, the entire declared capacity and all Net Electrical Energy generated by the Project, subject, in the case of Net Electrical Energy, to such dispatch instructions as may be in effect from time to time.</p>

Article	Existing provision	To be modified as
	<p>TSNPDCL (TSDISCOMs) by SCCL pursuant to sale to TSDISCOMs of the capacity under Article 3 of this PPA, as computed at the Inter Connection Point, which point shall be the only point at which such Net Electrical Energy shall be computed under this Agreement.</p>	
3.4	<b><i>Dispatch Instructions (DI):</i></b>	<b>Dispatch Instructions (DI):</b>
3.4.1	<p>At 10.00 hours every day, SCCL shall DIRECTLY provide Capacity Notice to the SLDC, denoting the Unit-wise Hourly MW Availability (00.00 – 24.00 hours) on day ahead basis. TSDISCOMS shall in turn intimate the same day by 16.00 hours the Generation Schedule to SCCL for the following day with respect to all the Units of the Project that have declared Capacity Notice.</p>	<p>Dispatch Instructions shall be as per the TSERC Regulations 4 of 2018 and any amendments by TSERC thereon.</p>
3.4.4	<p><b>Backing down limits of units:</b> For Singareni thermal Power Project, TSDISCOMs capacity shall not be backed down more than the limit of 35.00% of 1200</p>	<p><b>Backing down Limits of Unit:</b> The Technical Minimum limit of Generating Unit shall be in accordance with the relevant provisions of Grid Code.</p>

Article	Existing provision	To be modified as
	<p>MW capacity allocated to TSDISCOMs.</p> <p>In absence of any dispatch instructions from TSTRANSCO, the Units will operate according to the day ahead capacity notice furnished by SCCL.</p>	<p>In the absence of any dispatch instructions from TSSLDC, the Unit will operate according to the day ahead capacity notice furnished by SCCL.</p>
<b>Article 4</b>	<b>Generation Tariff</b>	<b>Generation Tariff</b>
4.2	<p><b>Capacity Charges (Fixed Charges):</b> SCCL shall claim the Annual Fixed Charges as approved by TSERC for each Tariff Year. The Annual Fixed Charges shall be computed as per TSERC norms and regulations and shall comprise the following</p> <ol style="list-style-type: none"> <li>a) Return on capital employed (RoCE);</li> <li>b) Depreciation;</li> <li>c) O&amp;M expenses;</li> <li>d) Taxes on Income as per actuals;</li> </ol>	<p><b>Annual Fixed Charges:</b> SCCL shall claim the annual fixed charges as approved by TSERC for each tariff year</p>
4.2.4	<p><b>Debt-Equity ratio:</b> The debt-equity ratio as on the date of Commercial operation shall be taken as 70:30 for determination of tariff irrespective of the actual quantum of debt and equity.</p>	<p>To be deleted.</p>
4.2.5	<p><b>Recovery of Fixed Charges:</b></p> <ol style="list-style-type: none"> <li>(a) Annual Fixed Charges shall be computed for</li> </ol>	<p><b>Recovery of Fixed Charges:</b> The fixed charges shall be computed on the annual basis based on norms</p>

Article	Existing provision	To be modified as
	<p>100% after the Unit is declared for commercial operation date.</p> <p>(b) When the actual Capital Cost of project is finalized, the amount of any over payment or under payment relative to the Approved Capital Cost shall be refunded or paid (as the case may be) in twelve equal payments at the time of the payment of the next twelve monthly bills for Tariff payments after such finalization.</p> <p>(c) Target availability of the unit for recovery of full fixed charges shall be 80%.</p> <p>(d) One-twelfth of the full "Annual Fixed Charges", computed pursuant to this Article 4 shall be claimed through the "Monthly Bill", on every Recovery month of a Financial Year.</p> <p>SCCL shall receive full Annual Fixed Charges if Availability in the Tariff Period or Tariff Year is</p>	<p>specified in TSERC Regulation and shall be recovered on monthly basis as per TSERC Regulation.</p>

Article	Existing provision	To be modified as
	not less than 80%. If Availability is less than 80%, Fixed Charges shall be allowed on pro-rata basis.	
4.3	<p><b>Variable Charge:</b> For any Billing Month, the Variable Charge component of the Tariff (comprising cost of Coal and Secondary Fuel Oil) shall be determined as per annexure-III.</p> <p>Variable Charges consists of cost of coal &amp; oil. Landed cost of coal and oil shall include Transit and handling charges, royalty on coal, taxes, duties as applicable. Transportation cost by rail/road or any other means and energy charges shall be arrived after considering transit &amp; windage losses as given in Annexure-IV. Variable charges shall be paid based on the computation as per Annexure-III. Variations, if any, in delivered cost of coal &amp; oil consequent to raising of initial bill shall be adjusted. For claiming such revision, SCCL will raise supplementary Bills.</p>	<p><b>Variable Charges:</b> For any billing month, the variable charges shall be determined as per TSERC Regulation.</p>
4.5	<p><b>Incentive:</b></p> <p>(a) Target plant load factor for incentive shall be 80%.</p>	<p><b>Incentive:</b> Incentive shall be as per TSERC Regulation.</p>

Article	Existing provision	To be modified as
	(b) Incentive shall be payable at a flat rate of 25 paise / kWh forex-bus scheduled energy corresponding to scheduled generation in excess of ex-bus energy corresponding to target Plant Load Factor.	
<b>Article 5</b>	<b>Taxes, Levies, Duties, Royalty, Cess etc</b>	<b>Taxes, Levies, Duties, Royalty, Cess etc</b>
5.4	<b>Income Tax:</b> Incidence of tax liability on SCCL as per Income Tax Act in force from time to time shall be payable in addition to the amount as per the Tariff Bill by TSSPDCL and TSNPDCL duly certified by the Auditors of SCCL. However the tax payable on project income exceeding the Return on Equity will not be charged to TSSPDCL and TSNPDCL. If any advance income tax is payable by SCCL in any month, SCCL shall submit a bill to TSSPDCL and TSNPDCL supported by a certificate of its chartered accountant at least 20 (twenty) days before the due date of such payment. TSSPDCL and TSNPDCL shall pay to SCCL an	To be deleted.

Article	Existing provision	To be modified as
	<p>amount equal to such advance tax within ten (10) days from the receipt of such Bill. After the tax assessment is completed for any year, if any, balance tax amount is payable by SCCL, TSSPDCL and TSNPDCL shall pay such balance tax within 15 days of demand by SCCL. In case the tax authority refunds any amounts to SCCL including interest thereon, SCCL shall promptly make an appropriate refund to TSSPDCL and TSNPDCL.</p>	
<b>Article 6</b>	<b>Billing and Payment</b>	<b>Billing and Payment</b>
6.1.10	<p>Each Monthly Bill for a Billing Month shall be payable by TSSPDCL and / or TSNPDCL in accordance with this Agreement on or before the Due Date of Payment, which will be the date 30 days from the date of presentation of the Tariff Bill to the Designated Officer of TSSPDCL and TSNPDCL.</p>	<p>Each monthly bill for a billing month shall be payable by TSSPDCL and/or TSNPDCL in accordance with this agreement on or before the due date of payment, which will be the date 60 days from the date of billing to the designated officer of TSSPDCL and TSNPDCL.</p>
6.2	<p><b>Supplementary Bills:</b> Any amount due to SCCL by TSSPDCL and / or TSNPDCL under this Agreement other than the amounts set out in a monthly Tariff Bill shall be payable within</p>	<p><b>Supplementary Bills:</b> Any amount due to SCCL by TSSPDCL and TSNPDCL under this agreement other than the amounts set out in a monthly tariff bill and the bills shall be payable within sixty (60) days</p>

Article	Existing provision	To be modified as
	<p>thirty (30) days after presentation of Supplementary Bill(s) by SCCL to TSSPDCL and/or TSNPDCL. This will include, but not limited to the following:</p> <ul style="list-style-type: none"> <li>i. Claims for Income Tax;</li> <li>ii. Claims for increased costs, if any;</li> <li>iii. Statutory Duties, Taxes, Cess, Levies, fee, Royalty, etc.;</li> <li>iv. Monthly Tariff adjustments;</li> <li>v. Water charges, NALA charges, etc.;</li> <li>vi. Any claims of Central / State / Local authorities / Bodies, etc.;</li> <li>vii. Any other claim admissible under this Agreement;</li> </ul>	<p>after presentation of supplementary bill(s) by SCCL to TSSPDCL and/or TSNPDCL. This will include, but not limited to the following:</p> <ul style="list-style-type: none"> <li>i. Claims for Income Tax;</li> <li>ii. Statutory duties, taxes, cess, levies, fee, royalty, etc.;</li> <li>iii. Monthly tariff adjustments;</li> <li>iv. Water charges, NALA charges, etc.;</li> <li>v. Any claims of central / state / local authorities / bodies, etc.;</li> <li>vi. Any other claim admissible under this Agreement;</li> </ul> <p>Any Supplementary Bill which reflects an amount owed by SCCL to TSDISCOMs shall be reflected as a credit in the next monthly bill.</p>
6.3	<p><b>Payment mechanism:</b> The bills shall be presented to the Designated Officer of TSSPDCL and TSNPDCL for payments. Payments by TSSPDCL and TSNPDCL for such bills raised by SCCL shall be made within 60 days through revolving Letter of Credit (LC) or through RTGS. LC is to be opened in favour of SCCL to cover one month</p>	<p><b>Payment Mechanism:</b></p> <p><b>1. Letter of Credit (LC)</b></p> <p>(a) The bills shall be presented to the Designated Officer of TSDISCOMs for Payments. Payments by TSDISCOMs for the bills raised by SCCL shall be made within 60 days through Letter of Credit (LC).</p>

Article	Existing provision	To be modified as
	<p>receivables valid for the term of the PPA. All LC charges shall be to TSSPDCL and TSNPDCL account. Escrow to cover one month receivables valid for the tenure of the PPA as per the procedure indicated in the Annexure-V.</p>	<p>(b) A revolving LC to be opened in favour of SCCL to cover one-month receivables, subject to review of value of bills each year on 1<sup>st</sup> April.</p> <p>(c) LC shall be valid for the term of the PPA by Renewing/ Revalidating / Opening New LC in place of existing LC.</p> <p>(d) LC charges in relation to opening, operation and maintenance shall be TSDISCOMs account.</p> <p><b>2. Escrow Account</b></p> <p>(a) In addition, TSDISCOMs shall open an Escrow account by entering Escrow Agreement with a Nationalised Bank (for the entire period of PPA) thirty (30) days prior to effective date, to cover one-month receivables valid for the tenure of the PPA as a back up to LC.</p> <p>(b) TSDISCOMs shall cause all receipts of TSDISCOMs arising from sale of power (both LT &amp; HT) to be deposited in Escrow account aggregating to an amount not less than LC amount.</p>

Article	Existing provision	To be modified as
		<p>(c) Such instruction shall be irrevocable during the term of this Agreement. TSDISCOMs shall not act in any manner as may negatively affect the inflow of revenues into this account and shall take such steps as may be necessary to assure the flow of the specified level of revenues in such account during the term of this Agreement.</p> <p>(d) In the event of TSDISCOMs failure to pay any sums due to SCCL on the due date of payment through LC or otherwise, when any sum is due to SCCL, or in case of non-renewal of LC, SCCL by notice in writing to the Bank holding the Escrow account, may require such bank not to honour any of cheques, hundies and requisition presented to it by or on behalf of TSDISCOMs or any other drawls on the account until after the claim of SCCL is first discharged.</p>

Article	Existing provision	To be modified as
		(e) This arrangement shall continue parallelly with LC for the entire period of this Agreement.
6.3.1	<p><b>Rebate on payment through LC:</b> For payment of bills through a letter of credit or through RTGS on presentation, the SCCL and TSSPDCL and TSNPDCL agreed to a maximum rebate of 2 percent of the bill amount. If the payments are made within one week of presentation of the bill, the SCCL and TSSPDCL and TSNPDCL agreed to a maximum rebate of 1.25 percent of the bill amount as per TSERC regulations applicable from time to time.</p>	<p><b>Rebate:</b> Any rebate on the bills shall be as per TSERC Regulation: Provided that no rebate shall be payable on the bills raised on account of taxes, duties, royalty / cess etc.</p>
6.3.2	<p><b>Surcharge Due on Late Payment:</b> In case the payment by TSSPDCL and TSNPDCL is delayed beyond a period of 60 days from the date of billing, late payment surcharge at the rate of 1.25% per month or part thereof shall be levied by SCCL to TSSPDCL and TSNPDCL</p>	<p><b>Delayed Payment Charges:</b> Delayed Payment Charges and its treatment shall be as per the provisions of TSERC Regulation.</p>
6.3.3	<p>Rebate and Late payment surcharge shall be as per the terms and conditions of tariff issued by TSERC as applicable</p>	<p>To be deleted.</p>

Article	Existing provision	To be modified as
	from time to time. No rebate shall be payable on the bills raised on account of taxes, duties, royalty / cess etc.	
Article 10	Duration of the Agreement	Duration of the Agreement
10.1	<p>The Agreement shall come into effect for all purposes and intent from the date of signing of the Agreement.</p> <p>Subject to the establishment and continuance of payment security as envisaged under Annexure V to the satisfaction of SCCL, Agreement shall remain operative up to completion of twenty five (25) years from the date of commercial operation of last unit of the Project, unless it is specifically extended on mutually agreed terms.</p> <p>This Agreement may be extended, renewed, amended or replaced by another Agreement, on or before the expiry of this agreement, on such terms and for such further period of time as the Parties may mutually agree subject to prior consent of Telangana State Electricity Regulatory Commission (TSERC).</p>	<p>This Agreement shall be deemed to be in force from date of synchronisation of Unit 1 and in operation for twenty five (25) years from the date of commercial operations (COD) of the project.</p> <p>This Agreement may be extended, renewed, amended or replaced by another Agreement, on or before the expiry of this Agreement, on such terms and for further period of time as the parties may mutually agree subject to prior consent of TSERC.</p>

Article	Existing provision	To be modified as
<b>Article 14</b>	<b>Notice</b>	<b>Notice</b>
14.1	<p>All notices required or referred to under this Agreement shall be in writing and signed by the respective authorized signatories of the Parties mentioned herein above, unless otherwise notified. Each such notice shall be deemed to have been duly given to the other Party if delivered or served by Registered Post/Speed Post or by any other mode with an acknowledgement in term of Article 9.</p>	<p>All notices required or referred under this Agreement shall be in writing and signed by the respective authorized signatories of the Parties mentioned herein above, unless otherwise notified. Each such notice shall be deemed to have been duly given to the other party if delivered or served by registered post/speed post or by any other mode with an acknowledgement in term of Article 9.</p> <p>Provided further that the parties are not precluded from issuing a notice by a special messenger or any mode of information technology platform. In case usage of information technology platform, a simple post copy confirmation be sent by certified posting.</p>
<b>Article 15</b>	<b>Assignment</b>	<b>Assignment</b>
15.1	<p>In case the functions of TSSPDCL and TSNPDCL are reorganized and / or this Agreement is assigned to other organization (s) / agency (ies), party or wholly, the Agreement shall be binding mutatis mutandis upon the successor Distribution/Trading</p>	<p>SCCL acknowledges and accepts that TSDISCOMs shall (with the consent of SCCL) be entitled to assign all its rights, duties, obligations and responsibilities under this agreement to any other successor entities, either wholly or partly and to one or more of them and in such manner as may be</p>

Article	Existing provision	To be modified as
	<p>Organisation (s) / agency (ies) / entities and shall continue to remain valid with respect to the obligations of the successor organization (s) /agency (ies) is /are owned or controlled by the Government of Telangana.</p>	<p>agreed to between TSDISCOMs and the said successor entities with the approval of TSERC and after due service of written notice of the proposed assignment to SCCL. Upon such assignment taking place, the corresponding rights, obligations and interest of TSDISCOMs shall in connection with this agreement or incidental thereto devolve on the successor entities:</p>
15.2	<p>In the event the functions of TSSPDCL and TSNPDCL are reorganized and/or privatized or this Agreement is assigned to Private Organisation(s) / agency (ies), partly or wholly, TSSPDCL and TSNPDCL shall ensure that the agreements namely “Escrow Agreement” and “Agreement to Hypothecate Cum Deed of Hypothecation” as mentioned at Annexure V under ESTABLISHMENT OF LETTER OF CREDIT (LC) AND PAYMENT SECURITY MECHANISM are signed by the assignee before assignment of this Agreement.</p>	<p>Provided that TSDISCOMs shall continue to be responsible for all obligations outstanding prior to the date of assignment, until these are fully discharged by the successor entities:</p> <p>Provided that at a subsequent date, the successor entities refuses to accept any rights / obligations / liabilities as not devolving on them, these will automatically revert to TSDISCOMs, who shall discharge their obligations in respect of such rights, obligations and liabilities without any demur:</p>
15.3	<p>Only such of the successor entities who fulfil the above requirements and execute the requisite documents as above shall be termed as the permitted assigns</p>	<p>Provided further that, in the event of the successor assignees refuses to perform any or all obligations that have devolved on them pursuant</p>

Article	Existing provision	To be modified as
15.4	In other cases, SCCL shall have the right to terminate this Agreement. In the event of termination of this Agreement, TSSPDCL and TSNPDCL shall be liable and continue to pay the Capacity Charges each month till firm arrangement for sale of TSSPDCL's and / or TSNPDCL'S share with alternate customers substituting the TSSPDCL and TSNPDCL is tied up.	any scheme of sale / transfer of any of the parties, then the subsisting parties to the agreement may bring such situation to the notice of the TSERC and TSERC will be required to pass any appropriate orders requiring compliance by any other authority including but not limited to government.
Annexure-III	Computation of Variable Charges	To be deleted.
Annexure-IV	Computation of Delivered Cost of Coal – Thermal Plants	To be deleted.
Annexure-V	Establishment of Letter of Credit (LC) and Payment Security Mechanism	To be deleted.

14. In light of the above, the Commission hereby accords consent to the PPA subject to modifications required to be done as detailed above. TSDISCOMs are directed to submit the PPA duly incorporating the modifications for the record of the Commission.

**This Order is corrected and signed on this the 22<sup>nd</sup> day of October, 2021.**

Sd/- (BANDARU KRISHNAIAH) MEMBER	Sd/- (M. D. MANOHAR RAJU) MEMBER	Sd/- (T. SRIRANGA RAO) CHAIRMAN
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**//CERTIFIED COPY//**

**Annexure-I**  
**Public Notices**



**TELANGANA STATE ELECTRICITY REGULATORY COMMISSION**  
11-4-660, 5<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Hyderabad.  
Phone Nos. (040) 23397625/ 23311125 to 28 Fax No.(040)23397489  
Website [www.tserc.gov.in](http://www.tserc.gov.in)

**PUBLIC NOTICE**

O. P. No. 8 of 2016

**In the matter of according consent to the Power Purchase Agreement (PPA) entered into between M/s. Telangana State Southern Power Distribution Company Limited (TSSPDCL) and M/s. Telangana State Northern Power Distribution Company Limited (TSNPDCL) and M/s. Singareni Collieries Company Limited (SCCL) for procurement of power from 2 x 600 MW Singareni Thermal Power Project situated at Pegadapalli Village, Jaipur Mandal in Adilabad District, Telangana.**

Whereas the M/s. Telangana State Southern Power Distribution Company Limited (TSSPDCL) and M/s. Telangana State Northern Power Distribution Company Limited (TSNPDCL) (together known as TSDISCOMs) have entered into a Power Purchase Agreement (PPA) with M/s. Singareni Collieries Company Limited (SCCL) on 18.01.2016 for procuring electricity from the 2 x 600 MW Thermal Power Project being established at Pegadapalli (V) in Jaipur (M) of Adilabad (Dist).

Now, TSSPDCL as the lead procurer for TSDISCOMs has sought approval / Consent to the said PPA under Section 86 (1) (b) of the Electricity Act, 2003 read with Sub-section (4) of section 21 of the APER Act, 1998 in respect of Singareni Thermal Power Project, Stage-I (2 x 600 MW)

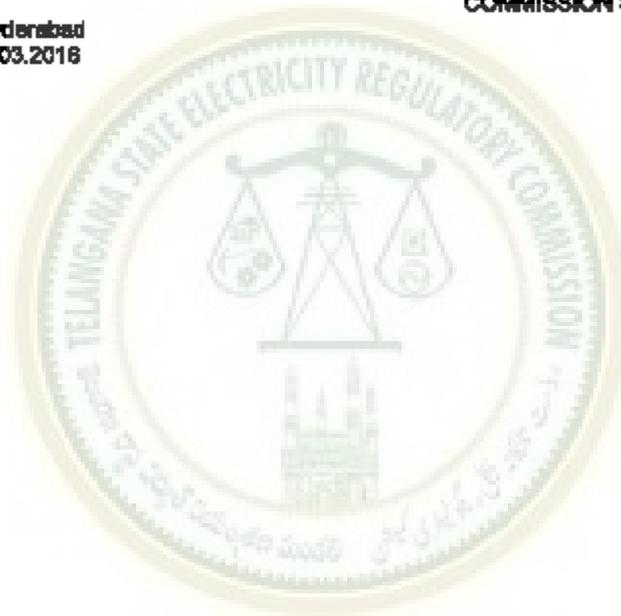
The said PPA is placed on the website of the Commission at [www.tserc.gov.in](http://www.tserc.gov.in) as well as the website of TSSPDCL being <https://tssouthernpower.com> and that of SCCL namely, [www.scclmines.com](http://www.scclmines.com). Hard-copies of the PPA and further details can be obtained from the Chief General Manager (Comml. & RAC), TSSPDCL, Corporate Office, Mint Compound, Khairathbad, Hyderabad on payment of charges for photocopy and at the offices of SCCL at Hyderabad and Kothagudem, addresses of which are as given in SCCL website.

Now the Commission desires that all the stake holders interested in the matter and public at large may offer their comments, objections and suggestions on the PPA. The comments, objections and suggestions shall be filed in the form prescribed in Regulation No. 2 of 2015 being Conduct of Business Regulation available on the website of the Commission at [www.tserc.gov.in](http://www.tserc.gov.in).

The Comments and suggestions may be filed either in writing addressed to the Secretary TSERC at the above address or sent by email to [secy@tserc.gov.in](mailto:secy@tserc.gov.in). The comments, objections and suggestions should be filed before the Commission on or before 5.00 PM on 30.04.2016 with a copy of such comments served to TSSPDCL for its response.

Sd/-  
COMMISSION SECRETARY

Place: Hyderabad  
Date: 28.03.2016



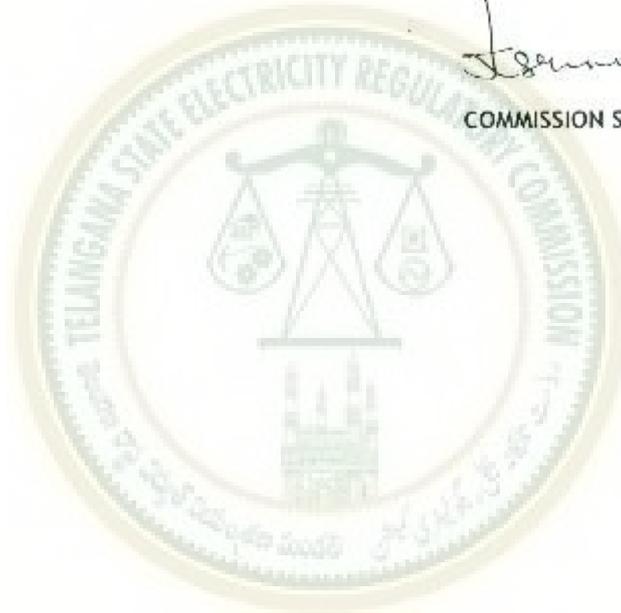
**TELANGANA STATE ELECTRICITY REGULATORY COMMISSION**

5<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Hyderabad - 500004, TELANGANA

**AMENDMENT TO PUBLIC NOTICE IN O.P.NO.09 OF 2016**

In consideration of requests made by various stakeholders, the Commission is pleased to extend time for receipt of comments and suggestions with respect to the Power Purchase Agreement (PPA) entered into between the Singareni Collieries Company Limited (SCCL) and TSDISCOMs (viz., the Northern Power Distribution Company of Telangana Limited (TSNPDCL) and the Telangana Southern Power Distribution Company Limited (TSSPDCL)) from 30-04-2016 by 05:00 P.M. to 21-05-2016 by 05:00 P.M. All other material published in the said notice remains the same.

  
COMMISSION SECRETARY



## Annexure-II

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

Sl. No.	Name of the Stakeholder
1)	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
2)	Sri M.Thimma Reddy, Convenor, People's Monitoring Group on Electricity Regulation, 139, Kakatiyanagar, Hyderabad - 500 008
3)	Sri D.Narasimha Reddy, 201, Aarthi Residency, Laxminagar Colony, Saidabad, Hyderabad – 500 059
4)	Bharatiya Kisan Sangh, G2, Rajput Residency, Nallakunta, Hyderabad 500 044

