



## **TELANGANA STATE ELECTRICITY REGULATORY COMMISSION**

5<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul, Hyderabad 500 004

**O.P.No.70 of 2022**

**Dated 01.08.2022**

### **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 draft 1<sup>st</sup> amendment to Power Purchase Agreement entered into between Southern Power Distribution Company of Telangana Limited (TSSPDCL) and M/s Srinivasa Power Private Limited for procurement of power from its 1x550 KW Mini Hydel power plant at off-take of Mudimanikyam Major from Nagarjuna Sagar Left Canal at KM 38 at Thummadam, Nidamanoor (M), Nalgonda District for extension of duration of PPA for 3 years at a Fixed Tariff of Rs.2.15/kWh inclusive of all taxes & duties.**

### **ORDER**

#### **Background:**

1. The Power Purchase Agreement dated 05.02.2002 (PPA) was entered between the then Transmission Corporation of Andhra Pradesh Limited (APTransco) and M/s Srinivasa Power Private Limited (superseding the earlier Power Purchase & Wheeling Agreement dated 17.01.2000) for procurement of power from its 1x550 kW Mini Hydel power plant at off-take of Mudimanikyam Major from Nagarjuna Sagar Left Canal at KM 38 at Thummadam, Nidamanoor (M), Nalgonda District and the project has got commissioned on 15.04.2001 and had been in operation during the tenure of the PPA. The tenure of PPA is twenty (20) years from COD [i.e., 15.04.2001].
2. The Bulk supply undertaking and power purchase undertaking of APTransco was transferred to the then four Distribution Companies of undivided Andhra Pradesh vide G.O.Ms.No.58, Energy (Power-III) Department dated 07.06.2005, and allocated

the capacity from the said power plant to the then Central Power Distribution Company of Andhra Pradesh Limited (APCPDCL).

3. Consequent to the creation of the State of Telangana, in accordance with the Andhra Pradesh Reorganisation Act, 2014, the Anantapur and Kurnool operating business circles of APCPDCL have been reassigned to APSPDCL with effect from 2<sup>nd</sup> June, 2014 in accordance with G.O.Ms.No.24 dated 29<sup>th</sup> May, 2014 issued by State of Andhra Pradesh. Subsequently, the name of APCPDCL has been changed to Southern Power Distribution Company of Telangana Limited (TSSPDCL).

### **Present Proposal of TSSPDCL**

4. The Southern Power Distribution Company of Telangana Limited (TSSPDCL) filed a petition under Section 62(1)(a) & 86(1)(b) of the Electricity Act, 2003, and under Section 21(4) of Telangana Electricity Reform Act, 1998 on 19.03.2022 seeking consent for the draft First Amendment to PPA) executed on 22.12.2021 between TSSPDCL and M/s Srinivasa Power Private Limited for extension of term of PPA for further period of three (3) years at a fixed levelized tariff of Rs.2.15/kWh inclusive of all taxes & duties towards procurement of power from its 1x550 kW Mini Hydel power plant at off-take of Mudimanikyam Major from Nagarjuna Sagar Left Canal at KM 38 at Thummadam, Nidamanoor (M), Nalgonda District.

5. The averments of the petition are extracted below:

- a) That the tenure of the agreement (PPA) was completed on 14.04.2021 i.e., twenty (20) years from the Commercial Operation Dated (COD i.e., 15.04.2001).
- b) That as per the Article 7 of the PPA the agreement may be renewed for such further period of time and on such terms and conditions as may be mutually agreed upon by the parties, ninety (90) days prior to the expiry of [i.e., twenty (20) years from COD i.e., 15.04.2001] subject to the consent of the Commission.
- c) That M/s Srinivasa Power Private Limited has requested for extension of duration of PPA for a period of three (3) years and the TSSPDCL agreed for extension of duration of PPA for a period of three (3) years at a fixed levelized tariff of Rs.2.15 per unit (inclusive of all taxes, duties, levies, if any) and any other additional claims for payment of MAT/IT/Water Royalty charges, etc.,

would not be paid to M/s Srinivasa Power Private Limited subject to the consent of TSERC and condition that M/s Srinivasa Power Private Limited shall comply with the provisions of Regulations/Guidelines/Orders/Proceedings of Central Electricity Authority (CEA), Central Electricity Regulatory Commission (CERC) and Telangana State Electricity Regulatory Commission (TSERC) notified and as amended from time to time.

- d) That the terms and conditions of the original PPA shall remain unchanged except Clause 2.2 of the Article 2 “Purchase of Delivered Energy and Tariff” and Article 7 “Duration of Agreement”.
- e) That M/s Srinivasa Power Private Limited shall not be eligible for obtaining Renewable Energy Certificates (RECs) as per prevailing regulations issued by CERC and TSERC for energy generated from their project and supplied to TSSPDCL under this agreement.
- f) That the stated amendment agreement to the PPA is enforceable from the date of execution subject to obtaining consent of TSERC as per Section 21 Telangana Electricity Report Act, 1998 (Act 30 of 1998) and under Section 62(1)(a) and 86(1)(b) of the Electricity Act, 2003.
- g) That the stated amendment agreement to the PPA is agreed by both the parties and signed. The other clauses of Articles and Schedules of the PPA shall remain unaltered and the name “APTRANSCO” in the original PPA to be read as “TSSPDCL”.
- h) The amendment to the Articles of the original PPA proposed by TSSPDCL is reproduced below:

**Table 1: Amendments to Original PPA proposed by TSSPDCL**

Sl. No	Article	Existing	Amended as (NEW)
1	2 PURCHASE OF DELIVERED ENERGY AND TARIFF	The Company shall be paid the tariff for the energy delivered at the interconnection point for sale to APRANSCO at Rs.2.25 paise per unit with escalation at 5% per annum with 1994-95 as base year and to be revised on 1st April of every year up to the year 2003-2004. Beyond the year 2003-2004, the purchase price	The Company shall be paid the tariff for the Energy delivered at the interconnection point for sale to TSSPDCL at fixed levelized tariff of Rs.2.15 per unit (inclusive of all taxes, levies & duties, etc., if any) for the period of 3 years from

Sl. No	Article	Existing	Amended as (NEW)
		by APTRANSCO will be decided by Andhra Pradesh Electricity Regulatory Commission. There will be further review of purchase price on completion of ten years from the date of commissioning of the project, when the purchase price will be reworked on the basis of Return on Equity, O&M expenses and the variable cost.	____.xx.2021 to ____xx.2024. Any other additional claims for payment of MAT/IT/Water royalty charges etc., would not be paid. The energy delivered shall be eligible for meeting the RPPO by TSSPDCL.
2	7 DURATION OF AGREEMENT	This Agreement shall be effective upon its execution and delivery thereof between parties hereto and shall continue in force from the Commercial Operation Date (COD) i.e., 15.04.2001 and until the twentieth (20 <sup>th</sup> ) anniversary, that is, for a period of twenty years from the Commercial Operation Date (COD). This Agreement may be renewed for such further period of time and on such terms and conditions as may be mutually agreed upon by the parties, 90 days prior to the expiry of the said period of twenty years, subject to the consent of the APERC. Any and all incentives/conditions envisaged in the Articles of this Agreement are subject to modification from time to time as per the directions of APERC, Government of Andhra Pradesh and APTRANSCO.	This Agreement shall be effective upon its execution and delivery thereof between parties hereto and shall continue in force further period of 3 years from ____12.2021 to ____12.2024 and this Agreement may be renewed for such further period of time and on such terms and conditions as may be mutually agreed upon by the parties, 90 days prior to the expiry of the said period subject to the approval/consent of TSERC for further renewal /extension.

## Justification of the Proposal

6. The TSSPDCL vide letter dated 19.03.2022 has submitted the following justification for the aforesaid proposal:

- The procurement of power from 1x550 kW (0.55 MW) Mini Hydel power project of M/s Srinivasa Power Private Limited comes under Non-solar Renewable Energy (RE) category. The available potential of Non-solar RE in the Telangana State is limited and procurement of power from this Non-solar RE source helps TSSPDCL in meeting the Non-solar RPPO mandated by TSERC.
- Further many of the non-solar power purchase agreements under the jurisdiction of TSSPDCL are on the verge of completion of duration of their tenure period as detailed below:

Sl. No.	Category	Name of the Developer	Capacity (in MW)	Date of expiry of the PPA Period
1)	Biomass	M/s Saro Power	6	27.05.2023
2)	Bagasse	M/s Ganapati Sugars	15	30.12.2022
3)	Mini Hydel	M/s Kallam Brothers Cotton Private Limited	1	18.09.2021
<b>Total</b>			<b>22</b>	

- When compared to other Non-solar RE sources, tariff from this Mini Hydel based power project is low and the tariff now proposed at Rs.2.15/kWh (inclusive of all taxes, duties & levies) is economical.
- TSSPDCL has dual advantage of economical tariff as well as opportunity to avail non-solar power from this Mini Hydel based power project for meeting Non-solar RPPO.

## Admission of the Petition

7. The Commission has taken the petition filed by TSSPDCL 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 PPA and decided to finalize the approval or consent for the draft First Amendment to original PPA through public consultation process and assigned O.P.No.70 of 2022.

## **Statutory provisions for approval or consent of PPA**

8. The following are the statutory provisions in the matter of approval or consent of arrangement (PPA) for the purchase of electricity by a distribution licensee from any person or Generating Company and determination of tariff by the Commission.

### **Section 21(4) of the Telangana Electricity Reform Act, 1998 (Act 30 of 1998)** r/w the Telangana Gazette No.130 dated 1<sup>st</sup> June, 2016 and G.O.Ms.No.45, Law(F), 1<sup>st</sup> June, 2016

#### **[Restrictions on licensees and Generating Companies]**

- (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.

... ..

### **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.

... ..

- (e) promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;

... ..

### **Section 62(1)(a) of the Electricity Act, 2003 [Determination of Tariff]**

- (1) The Appropriate Commission shall determine the tariff in accordance with the provisions of this Act for-

- (a) supply of electricity by a generating company to a distribution licensee:

... ..

### **Notification Calling for Suggestions/Objections/Comments**

9. The Commission has issued Notice dated 28.05.2022 (Annexure-I) inviting suggestions/objections/comments on the proposals of TSSPDCL from all the stakeholders and public at large, with the last date for filing of suggestions/objections/comments as 18.06.2022. The PPA along with the proposed draft First Amendment were placed on the website of the Commission viz., [www.tserc.gov.in](http://www.tserc.gov.in).

### **Response to Notice**

10. In response to the above Notice, no suggestions/objections/comments have been received.

### **Commission's Analysis and Decision**

11. Section 86(1)(e) of the Electricity Act, 2003 mandates promotion of generation from renewable sources of energy by providing suitable measures for sale of electricity. Section 86(1)(e) also mandates the Commission to specify RPPO, to be met from renewable sources of energy. The procurement of power from this 1x550 kW Mini Hydel power plant of M/s Srinivasa Power Private Limited is easing TSSPDCL in fulfilling its Non-Solar RPPO obligation. With the consumer sales registering a positive growth year-on-year thereby the requirement of energy from renewable sources increases, for fulfilling the RPPO, especially non-Solar RPPO, in procuring power TSSPDCL has to tie-up with new non-solar renewable sources apart from continuing from the existing sources. Taking into consideration the mandate of the Electricity Act, 2003 to promote renewable sources of energy, the Commission deems it fit to consider TSSPDCL's proposal for procurement of power from 1x550 kW Mini Hydel power plant of M/s Srinivasa Power Private Limited for further period of three (3) years (w.e.f. the date of execution of First Amendment Agreement to PPA).

12. The Electricity Act, 2003 specifies two routes namely, (i) the determination of tariff under Section 62 and (ii) the tariff discovery route through competitive bidding under Section 63. The Commission has been given discretionary powers either to choose Section 62(1)(a) to give approval to the PPA, or to direct the distribution

licensee to resort to competitive bidding process as per the Tariff Policy read with Section 63. The Commission has to take a view, on a case-to-case basis, bearing protection of consumer interest in hindsight. Therefore, it is well within the powers of the Commission to decide on the tariff proposed for the extended period of the PPA with the generic tariffs as approved by the Commission as the benchmark.

13. The tariff payable for purchase of power under the PPA was governed by the Commission's Orders issued from time to time. The then Commission (erstwhile APERC) vide its orders dated 23.08.2014 in exercise of powers vested in it under Sections 62(1) read with Section 86(1)(a), (b) & (e) of the Electricity Act, 2003 had determined Generic Tariff viz., fixed cost (in Rs./kWh) for all Mini Hydel based power projects having PPAs with Discoms from 11<sup>th</sup> to 25<sup>th</sup> year of operation and the same through Adoption Regulation No.1 of 2014 were adopted by TSERC. The Commission determined tariff for Mini Hydel power plants for 21-25 years of operation is as under:

**Table 2: Approved tariff for mini hydel power plants for 21-25 years of operation**

Year of operation	Approved tariff * (Rs./kWh)
21	3.17
22	3.31
23	3.46
24	3.62
25	3.80

\* Exclusive of Income Tax and Minimum Alternate Tax

14. As per justification given by TSSPDCL it is observed that the power purchase agreements pertaining to procurement of non-solar RE power aggregating to the total capacity of 22 MW would expire by FY 2023, the shortfall due to completion of term of these power purchase agreements has to be made good by making arrangement for extension of the existing sources or entering into arrangement for additional sources of NCE power.

15. The fixed levelized tariff of Rs.2.15/kWh (fixed price without any escalation and inclusive of taxes, levies & duties, etc.) as proposed for the extension period of PPA is lower than the generic tariff determined by the Commission. Therefore, the Commission is satisfied that the mutually agreed tariff for the three (3) years extension

period of PPA is a reasonable price for procurement of power by TSSPDCL from M/s Srinivasa Power Private Limited's 1x550 kW Mini Hydel based power plant at off-take of Mudimanikyam Major from Nagarjuna Sagar left canal at KM 38 at Thummadam, Nidamanoor (M), Nalgonda District for further period of 3 years (w.e.f. the date of execution of First Amendment Agreement to PPA).

16. The Commission has gone through the clauses of PPA and amendments thereof and opines that the proposed amendments to clause 2.2 of Article 2 and Article 7 of PPA are generally in order. The Commission does not find the need to discuss the remaining Articles of PPA, as the same had been approved earlier.

17. In view of the above, the Commission hereby accords consent to draft First Amendment dated 22.12.2021 to the PPA entered into between TSSPDCL and M/s Srinivasa Power Private Limited for procurement of power from its 1x550 kW Mini Hydel based power plant at off-take of Mudimanikyam Major from Nagarjuna Sagar left canal at KM 38 at Thummadam, Nidamanoor (M), Nalgonda District for extension period of three (3) years at a tariff of Rs.2.15 per unit without escalation and inclusive of all taxes, levies & duties, etc.

18. TSSPDCL is directed to submit fair copy of the First Amendment to the PPA, for record.

**This Order is corrected and signed on this the 1<sup>st</sup> day of August, 2022.**

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

**Annexure-I  
Notice**



**TELANGANA STATE ELECTRICITY REGULATORY COMMISSION**  
11-4-660, 5<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Hyderabad-www.tserc.gov.in  
Email: [secy@tserc.gov.in](mailto:secy@tserc.gov.in)

**NOTICE**

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1. TSSPDCL viz., Southern Power Distribution Company of Telangana Limited (TSSPDCL) has submitted proposals before the Telangana State Electricity Regulatory Commission (TSERC) for consent of draft 1<sup>st</sup> amendment to Power Purchase Agreement entered with M/s Srinivasa Power Private Limited for purchase of power from 550 kW capacity Mini Hydel Plant off-take of Mudimanikyam Major from Nagarjuna Sagar Left Canal at Thummadam, Nidamanoor (M) Nalgonda district for extension of duration of PPA for 3 years at a fixed tariff of Rs. 2.15 per unit. The TSSPDCL has requested the Commission to accord consent to the above mentioned PPA.
2. Copies of the proposals along with the related documents 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 **18.06.2022 by 5.00 P.M.**

**Commission Secretary [i/c]  
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: 28.05.2022

  
COMMISSION SECRETARY [i/c]

SECRETARY  
T.S. Electricity Regulatory Commission  
D.No. 11-4-660, 5<sup>th</sup> Floor, Singareni Bhavan,  
Red Hills, Hyderabad-500 004.