



TELANGANA STATE ELECTRICITY REGULATORY COMMISSION

5th Floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul, Hyderabad 500 004

O. P. No. 14 of 2023

Dated 14.11.2023

Present

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

In the matter of TSSPDCL proposals seeking consent of the Commission for the draft amendment PPA dated 31.12.2022 entered with M/s Ganpathi Sugar Industries Limited, 15 MW bagasse based co-generation plant at Kulubgoor / Fasalwadi Village, Sangareddy District for extension of PPA for further period of 5 years with effect from 01.01.2023 to 31.12.2027 at a fixed levelized tariff of Rs. 3.14 per unit (inclusive of all taxes, duties & other levies).

ORDER

Background:

1. The erstwhile Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) had entered into a power purchase agreement (PPA) on 14.05.2002 with M/s. Ganpati Sugar Industries Limited for setting up the non-conventional energy project that is 15 MW capacity bagasse based cogeneration project at Kulubgoor / Fasalwadi village, Sangareddy mandal, Sangareddy district (erstwhile Medak district), state of Telangana (erstwhile Andhra Pradesh) with a proposal to utilize 2.74 MW and 1.9 MW for captive consumption during season and offseason respectively and for 1.9 MW auxiliary consumption as detailed in Schedule - I of agreement for sale to DISCOM for a period of 20 years from commercial operation date (COD) that is 01.01.2003 (initially for a duration up to 30.06.2004 from COD, subsequently it was substituted as 20 years from COD by amendment agreement dated 30.06.2004). Article 7 of the PPA stipulates that it 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 twenty (20) years.

2. The then APERC accorded its consent to the PPA in its Lr. No. APERC / Dir (Engg) / PPA_Ganpati / D. No. 4643 / 2002, dated 27.12.2002. Subsequently, the PPA was amended on 30.06.2004 providing for amendments to the preambles 3 (a), 5 (a), Articles 1.4, 1.5, 1.14, 2.2, 2.5, 4.1, 4.12 (a), 6.1 (ii) (b), 6.1 (v) and 7. The then APERC had communicated its approval to the modification to the tariff clause at Article 2.2 and delivered energy clause at Article 1.4 of the PPA by its Lr. No. APERC / Secy / Dir-Engg / F- / D. No. 1762 / 2003, dated 23.07.2003 and Lr. No. APERC / Secy / Dir (Engg) / DD(Tr) / F-PPA / D. No. 2739 / 2003, dated 15.11.2003.

3. The term of the PPA had been expired on 31.12.2022 in terms of Article 7 of PPA. The existing PPA may be renewed for such further period of time on such terms and conditions as may be mutually agreed upon by the parties. M/s. Ganapati Sugar Industries Limited had requested Southern Power Distribution Company of Telangana Limited (TSSPDCL) for extension of duration of the PPA for a further period of five (5) years from 01.01.2023 to 31.12.2027.

Present Proposal of TSSPDCL

4. The TSSPDCL had sought consent to the draft amendment PPA entered by it with M/s. Ganapati Sugar Industries Limited on 31.12.2022 for extension of the term of the PPA for a further period of 5 years with effect from 01.01.2023 to 31.12.2027 at a fixed levelized tariff of Rs. 3.14 per unit (inclusive of all taxes, duties and other levies) duly amending the Articles 1.4, 1.5, 2.2 and 4.1 incorporation of new provision under Articles 4 and 7 of the PPA dated 14.05.2002 and its amendment dated 30.06.2004. The details are as given below.

SI. No.	Article	Provision in force	Incorporated in / Substituted as
1	1.4	Delivered Energy	“ Delivered Energy ” means with respect to any billing month, the Kilo Watt hours (KWh) of electrical energy generated by the project and delivered to the DISCOM at the interconnection point, as defined in clause 1.8 and as measured by the energy meters at

Sl. No.	Article	Provision in force	Incorporated in / Substituted as
			<p>the interconnection point during that billing month at the designated substation of TSTRANSCO or the DISCOM.</p> <p>Explanation 1: For removal of doubts, the delivered energy, excludes all energy consumed in the project, by the main plant and equipment, lighting and other loads of the project from the energy generated and as recorded by the energy meter at interconnection point.</p> <p>Explanation 2: The delivered energy in a billing month shall be limited to the energy calculated at 100% PLF of net exportable capacity that is after deducting capacities for auxiliary consumption and captive consumption from the installed capacity as mentioned in the schedule 1 of the agreement for sale to DISCOM, based on the contracted capacity (i.e., net exportable capacity) in KW multiplied with number of hours and fraction thereof, the project is in operation during that billing month. Whenever generation exceeds by net exportable capacity such energy delivered into the grid</p>

Sl. No.	Article	Provision in force	Incorporated in / Substituted as
			<p>by the project above 100% PLF during such period will not be accounted for the purpose of payment.</p> <p>Explanation 3: The delivered energy shall be purchased by DISCOM at a tariff stipulated in Article 2.2 of this agreement.</p> <p>If the Company is willing to avail power from TSSPDCL for their processing unit in the same premises during outages of their power plant and desires to draw power from Grid for starting and maintenance purpose of the Generating station through the dedicated line intended for export of power, the following conditions will apply:</p> <ul style="list-style-type: none"> i. The Company will have a separate H.T. Agreement and Contracted Maximum Demand with TSSPDCL. ii. The Gross energy and the Demand shall be billed by TSSPDCL as per the then tariff applicable to HT-II consumers.”
2	1.5	Due date of payment	To be deleted
3	2.2	The Company shall be paid the tariff for the energy delivered at the	The Company shall be paid the tariff for the Energy delivered at the interconnection point for sale to

Sl. No.	Article	Provision in force	Incorporated in / Substituted as
		<p>interconnection point for sale to APTRANSCO as applicable as on date of commercial operation subject to the reviews of the prices by the APERC from time to time. Notwithstanding these reviews there will be a special review of purchase price on completion of 10 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.</p>	<p>DISCOM at a fixed levelised tariff of Rs.3.14 per unit (inclusive of all taxes, duties & other levies) for the period of 5 years from 01.01.2023 to 31.12.2027. Any other additional claims for payment of MAT / IT, etc., would not be paid. The energy delivered shall be eligible for meeting the RPPO by TSSPDCL.</p>
4	4.1	<p>The Company shall install Main meters of static type 0.2 class accuracy at the inter connection point and the APTRANSCO shall install check meters of static type at the same point and of the same accuracy. The Main meters and Check</p>	<p>The company shall install main meters and check meter of static type 0.2s class accuracy having both ABT & trivector features and online data transfer facility (V-SAT) at the interconnection point and the company shall also install standby meter of static type at the same point and of the same accuracy. The connected metering CTs and PTs shall be of 0.2s and 0.2 class</p>

Sl. No.	Article	Provision in force	Incorporated in / Substituted as
		<p>meters shall each consist of a pair of export and import meters with facility for recording meter readings using Meter Recording Instrument. For the purpose of uniformity, the Company shall fall metering specification as developed by APTRANSCO.</p>	<p>of accuracy respectively as per the norms specified in the T.O.O. (CE-Construction-2) Ms. No. 488, dated 17.03.2012, metering code by CEA or norms of TSERC and any changes made applicable from time to time. The main meters, check meters and standby meter shall each consist of a pair of export and import parameters with facility for recording meter readings using Meter Recording Instrument and configured with ToD software compatible to TSTRANSCO EBC data base. For the purpose of uniformity, the company shall follow metering specification as developed by DISCOM.</p>
5		New provision (Under Article 4)	<p>The company shall install communication system involving latest technology on information in the project and at the designated sub-station at the cost of the company, to establish contact with the sub-station to which it is interconnected for co-ordination of the project operation. The regular maintenance of technologies on information is to be carried out by the company at its cost.</p>
6		New provision (Under Article 4)	<p>The company has to establish protection system, online data</p>

Sl. No.	Article	Provision in force	Incorporated in / Substituted as
			scheme, its allied equipment to conform with grid code from time to time. Also, the protection system shall conform with the TSTRANSCO / DISCOM norms.
7	Article 7	<p>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., from 01.01.2003 and until the twentieth (20th) anniversary i.e., for a period of 20 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 20 years, subject to the consent of APERC. Any and all incentives / conditions envisaged in the</p>	<p>This Agreement shall be effective upon its execution and delivery thereof between parties hereto and shall continue in force for a further period of five (5) years from 01.01.2023 to 31.12.2027 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.</p>

Sl. No.	Article	Provision in force	Incorporated in / Substituted as
		Articles of this Agreement are subject to modification from time to time as per the directions of APERC.	

5. Justification for procurement and extension of PPA for further period of 5 years:

The TSSPDCL had stated that in the light of the higher RPPO targets as fixed by the Commission by Regulation No. 7 of 2022 and also increasing load growth @ 8–9%, the present procurement of non-solar power would enable the TSSPDCL to comply with the same. The amendment agreement is enforceable from 01.01.2023, subject to obtaining consent of the Commission in accordance with section 21 of Telangana Electricity Reform Act, 1998 (Act No. 30 of 1998) (Reform Act) read with section 86 (1) (b) of the Electricity Act, 2003 (Act, 2003). TSERC mandated RPPO details are as below:

FY	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Solar RPPO %	5.33	5.77	6.21	7.10	7.50	8	9	10	11
Non-Solar RPPO %	0.67	0.73	0.79	0.90	1	1.25	1.50	1.75	2
Total	6.00	6.50	7.00	8.00	8.50	9.25	10.50	11.75	13

- The details of compliance of RPPO by TSSPDCL are as below:

FY	Solar RPPO %		Non-Solar RPPO %		Total RPPO %	
	TSERC	TSSPDCL	TSERC	TSSPDCL	TSERC	TSSPDCL
2018-19	5.33	9.36	0.67	0.83	6	10.40
2019-20	5.77	9.96	0.73	0.67	6.50	10.53
2020-21	6.21	9.57	0.79	0.87	7	10.44
2021-22	7.1	8.55	0.90	1.08	8	9.63

6. The Commission, after careful examination of the proposals, directed the TSSPDCL to re-negotiate the tariff with M/s. Ganpati Sugar Industries Limited, as the TSDISCOMs are procuring solar power from M/s. NTPC, M/s. SECI and M/s. NHPC at a tariff of Rs. 2.44 to Rs. 2.45 per unit.

7. In response to the above, TSSPDCL has stated that it had undertaken negotiation with M/s. Ganpati Sugar Industries Limited. However, M/s. Ganpati Sugar Industries Limited stated that it cannot reduce the tariff further due to the following reasons

- i. Operation of RE plants is unique to their category and certain RE plants like solar, wind operate deriving fuel from natural resources and as such there is no variable cost involved, however plants such as bagasse, biomass, industrial waste operate on renewable fuels for which variable cost component involved.
- ii. In cost plus approach, the fixed cost is determined in such a way to compensate the generator for the costs incurred apportioning the same for their respective project life of 20 years, since the invested capital cost is recovered by the end of life period of the project TSSPDCL proposed a tariff which is less than the variable cost for the projects beyond 20 years of operation.
- iii. The tariff of Rs. 3.14 per unit at which draft amendment was signed with generator extending PPA period for 5 years is the same as the tariff accepted for M/s. Gayatri Sugars Limited for which the consent has been granted by the Commission. The tariff of Rs. 3.14 per unit is well below the Commission determined variable cost viz., 3.6396 per unit for FY 2022-23 and Rs. 3.8224 per unit for FY 2023-24.

8. The TSSPDCL had further informed that the agreed tariff of Rs 3.14 per unit is fixed for the next 5 years and is inclusive of all taxes and duties.

Admission of the proposal and regulatory process

9. The Commission has taken the proposal of TSSPDCL on record, examined with reference to the legality that is in the context of the provisions of the Act, 2003, Reform Act, policy, provisions under applicable regulations and sustainability of the

clauses in the PPA and approve the draft amendment to PPA through public consultation process. Accordingly, the petition has been taken on the file of the Commission and assigned O. P. No. 14 of 2023.

Regulatory provisions for approval of PPA by the Commission

10. The following are the provisions in the matter of approval of 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 1st June, 2016 and G.O.Ms.No.45, Law (F), 1st June, 2016 [Restrictions on licensees and Generating Companies]

21 (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 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;

Notification calling for suggestions / objections / comments:

10. The Commission has notified the public notice dated 23.06.2023 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 15.07.2023. The PPA along with its amendments were placed on the website of the Commission (www.tserc.gov.in). The notice published by the Commission is enclosed at **Annexure-I**.

Response to Notice

11. Adverting to the above notice, suggestions / objections / comments have been received from one (1) stakeholder. The details of the stakeholder who has submitted the suggestions / objections / comments is enclosed at **Annexure-II**.

12. TSSPDCL has submitted replies on the suggestions / objections / comments raised by the stakeholder. The Commission has considered all the suggestions / objections / comments raised by the stakeholder and responses of the TSSPDCL issue-wise hereunder.

Issue 1: proposing to place the Generator / Objector under HT-II — Others

Stakeholders' submission

14.1 With regard to proposal at Sl. No. 1, Article 1.4 Explanation - III (ii) of the amended PPA, it was mentioned that the gross energy and the demand shall be billed by TSSPDCL as per the then tariff applicable to HT-II consumers. The tariff applicable for import of energy by the generator / objector is HT-I general industries. The generator / objector has been categorized under the 'HT-I general industries', since the date of entering into first PPA that is 14.05.2002. The present action of TSSPDCL proposing to place the generator / objector under HT-II — others is contrary to the tariff order and the earlier PPA entered between the parties.

Reply of TSSPDCL

14.2. As per RST 2023-24, the activities which have to be covered under 'HT-I Category' (that is for industrial consumers) have been categorically indicated and the objector, being a generator of electricity and the activity of power generation squarely falls as a commercial activity. Hence, on the basis of activity / activities carried out by

the objector / generator, it has proposed to levy HT-II tariff to the energy imported by the generator / objector.

Commission's view

14.3. Commission has noted the objections raised by the generator / objector and reply furnished by TSSPDCL.

Issue 2: Deletion of the "due date of payment" of the bill for exported energy in amendment PPA

Stakeholders' submission

15.1. With regard to proposal at No. 2, Article 1.5 of the PPA dated 14.05.2002, the 'due date of payment' of the bill for exported energy was mentioned that the bill has to be paid within 30 days from the date of presentation of the bill. However, in the proposed amended draft PPA by the TSSPDCL, the said clause has been deleted. It is stated that the TSSPDCL has not shown any reason for such proposal. Even inasmuch as, the draft PPA approved by this Commission in the case of RE developers, at Clause 1.19 has specified the condition for 'Due Date of Payment', which reads as follows:

"1.19 "Due Date of Payment" means the date on which the amount payable by the DISCOM to the solar power developer hereunder for Delivered Energy, if any, supplied during a billing month becomes due for payment, which date shall be thirty (30) days from the meter reading date provided the bill is received by DISCOM within 5 working days from meter reading date, and in the case of any supplemental or other bill or claim, if any, the due date of payment shall be thirty (30) days from the date of the presentation of such bill or claim to the designated officer of the DISCOM. If the last date of payment falls on a statutory holiday, the next working day shall be considered as last date."

15.2. Although the above draft PPA was notified in case of renewable energy developers, there is no reason why the cogen plant of the objector should be treated any differently. Further, it can be construed from the above that, this Commission had in fact included this clause to cast an obligation on the DISCOMs for payment of dues within a specified time period, the present action of the TSSPDCL

is totally contrary to the modal draft PPA. It is further stated that, 'as time is essence of any contract', the proposed amendment by the TSSPDCL if removed, does not cast upon the TSSPDCL to fulfil any contractual obligation in respect of performance of the contract, therefore, the present proposal is a void condition, unless a specified time period is mentioned in the amendment PPA. It is further stated that the payment for employees of the power plant, maintenance of the machinery etc, will be contingent on the energy bills paid by the TSSPDCL. If the same is not mentioned, which causes irreparable loss and severe hardship to the generator / objector and will make it difficult for the generator / objector to run its day-to-day operations? Therefore, the generator / objector prays that the 'clause 1.5 - due date for payment' may be fixed and inserted into the amended PPA by the Commission.

Reply of TSSPDCL

15.3 The change has been carried out in according to the Commission Lr. No. 1 / Clean Wind / PPA / Secy / JD (Law) - 1 / D.No.465 / 20, Dated.02.12.2020. Further TSSPDCL has filed a memo on 14.11.2023 stating that it is agreeable for restoring the clause related to due date for payment.

Commission's view

15.4. The Commission has observed that both the parties in the draft agreement are in consonance with each other and have accordingly signed the draft PPA. The same was placed before the Commission for obtaining consent. It is notices that the generator during the public consultation process has raised issues about the draft PPA and omission of clauses. The generator can not having sign the draft PPA with open eyes raised fresh objections in respect of the same. Accordingly, the said objections are refused to be considered by the Commission.

15.5 In view of the observations above, the Commission is inclined to consider the draft PPA for consent under section 21 (4) of the Telangana Electricity Reform Act, 1998 read with Section 86 (1) (b) of the Act, 2003. Accordingly the Commission hereby grants consent to the draft amendment PPA dated 31.12.2022 entered with M/s. Ganpathi Sugar Industries Limited in respect of 15 MW bagasse based cogeneration plant at Kulubgoor / Fasalwadi Village, Sangareddy District for extension of PPA for further period of 5 years with effect from 01.01.2023 to 31.12.2027 at a fixed levelized tariff of Rs. 3.14 per unit inclusive of all taxes, duties and other levies. This consent is

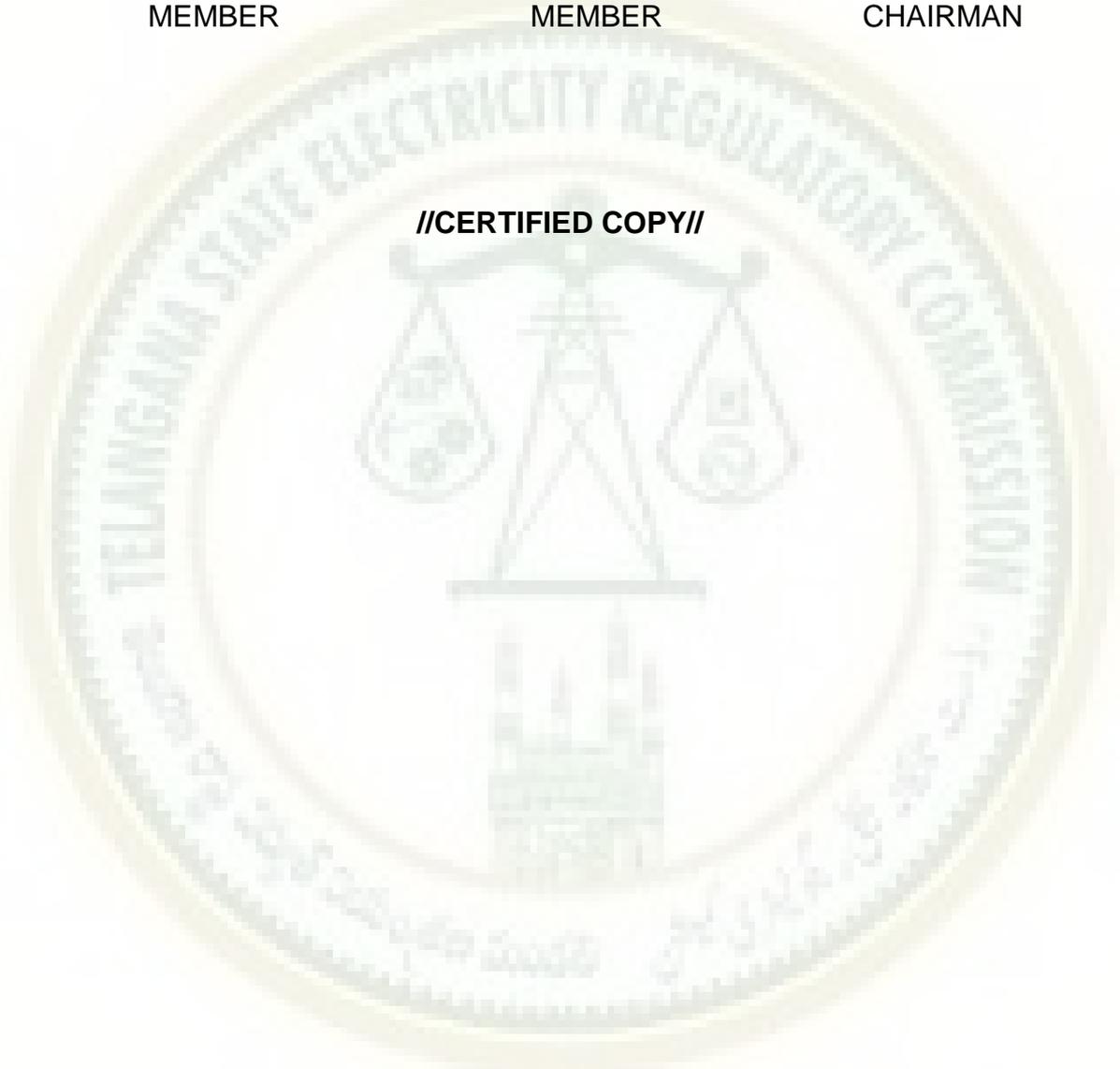
subject to incorporation of the clause relating to due date as was existing earlier in the original PPA under clause 1.5. The parties are directed to enter into fair agreement and send a copy of fair agreement for record of the Commission.

15.6 The petition stands accordingly disposed off.

This order is corrected and signed on this 14th day of November, 2023.

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

//CERTIFIED COPY//



Annexure-I
Notice



TELANGANA STATE ELECTRICITY REGULATORY COMMISSION
5th Floor Singareni Bhavan Red Hills Lakdi-ka-pul, Hyderabad 500004

O.P. No 14 of 2023

NOTICE

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 amendment to the Power Purchase Agreement entered with M/s Ganpati Sugar Industries Limited for extension of PPA for further period of 5 years with effect from 01.01.2023 to 31.12.2027 at a fixed levelized tariff of Rs. 3.14 per unit (inclusive of all taxes, duties & other levies) from the 15 MW bagasse-based cogeneration project located at Kulubgoor/ Fasalwadi Village, Sangareddy District with a proposal to utilize 2.74 MW and 1.9 MW for captive consumption during season and offseason respectively and 1.9 MW for auxiliary consumption and 10.36 MW and 11.20 MW is for export to grid for sale to TSSPDCL during season and offseason respectively.
2. The TSSPDCL has requested the Commission to accord consent to the above mentioned PPA.
3. Copies of the proposals along with the related documents are uploaded on the Commission's website 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 **15.07.2023 by 5.00 P.M.**

Commission Secretary (FAC)
Telangana State Electricity Regulatory Commission
5th floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul
Hyderabad- 500004, Email id: secy@tserc.gov.in


COMMISSION SECRETARY_[FAC]

DATE: 23.06.2023

Annexure-II

List of stakeholders who submitted written suggestions and comments

Sl. No.	Name of the Stakeholder
1)	M/s Ganpati Sugar Industries Limited

