

PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SITE NO. 3, BLOCK B, SECTOR 18-A MADHYA MARG, CHANDIGARH

Petition No. 27 of 2023
Date of Order: 09.08.2023

Petition under Section 86 (1) (b) of the Electricity Act, 2003 read with the Punjab State Electricity Regulatory Commission (Power Purchase and Procurement Process of Licensees) Regulations, 2012 and Regulation 46 of the Punjab State Electricity Regulatory Commission (Conduct of Business) Regulations, 2005 for approval of the Power Procurement of 197 MW of Nuclear Power.

AND

In the matter of: Punjab State Power Corporation Limited, the Mall, Patiala-147001.

....Petitioner

Vs

Nuclear Power Corporation of India Limited, Head office at 16th Floor, Centre-I, World Trade Centre, Cuffe Parade, Colaba, Mumbai, Maharashtra- 400005.

...Respondent

Commission: Sh. Viswajeet Khanna, Chairperson
Sh. Paramjeet Singh, Member

PSPCL: Ms. Poorva Saigal, Advocate
Ms.Harmohan Kaur, CE/ARR&TR
Sh.J.K Jindal, Sr.Xen/ARR.
Ms.Yadwinder Kaur, ASE/ISB-CS
Ms.Harvir Kaur, AEE/ISB-CS

NPCIL: Sh. Abhinav Sharma, Advocate

ORDER

1. PSPCL has filed this petition for approval of Power procurement of 197 MW of Nuclear Power from (i) unit 1 & 2 of Narora Atomic Power Station (NAPS) (51 MW) ; (ii) Unit 3 and 4 Rajasthan Atomic Power Station

(100 MW) and (iii) Unit 5 & 6 of Rajasthan Atomic Power station (RAPS) (46 MW) of Nuclear Power Corporation of India (NPCIL) for a period of 15 years on the terms and conditions contained in the Draft PPAs at the Tariff determined by the Deptt of Atomic Energy in Terms of Section 22(1)(b) of the Atomic Energy Act, 1962 excluding transmission charges and losses for a period of 15 years. PSPCL has submitted that after calculating the estimated transmission charges etc, the total cost to PSPCL within the state periphery would be (i) Rs. 3.48/kWh approx. for NAPS unit 1 & 2. (ii) Rs. 3.83/kWh approx. for RAPS unit 3 & 4. (iii) Rs. 4.41/kWh approx. for RAPS unit 5 & 6. The PPAs dated 17.02.2005 regarding NAPS units 1 & 2, RAPS units 3 & 4 lapsed on 16.02.2020 i.e. after a period of 15 years and PPA dated 21.12.2006 regarding RAPS units 5 & 6 lapsed on 21.12.2021. However, PPA dated 21.12.2006 provided for continued off take of power even after the lapse of 15 years without any formal renewal and therefore PSPCL continued to take of the power after expiry of 15 years till date.

PSPCL further requested for allocation of power with regard to the said PPAs dated 17.05.2005 and 21.06.2002 and NPCIL has also requested PSPCL to expedite the process of signing the PPAs. Thereafter, Long Term Power Purchase (LTPP) meeting was held by the LTPP committee, PSPCL regarding renewal of PPAs dated 17.02.2005 and 21.12.2006. It was recommended by the committee that the said PPAs with NPCIL for its 3 nos. stations may be renewed subject to prior approval of the Commission. PSPCL further submitted that the terms and conditions proposed in the PPAs are in consonance with the standard PPA being signed by NPCIL with other states. PSPCL has accepted the terms and conditions provided in the draft PPAs subject to the approval of the Commission regarding tariff to be determined by Deptt. of Atomic Energy.

PSPCL further submitted that Nuclear Energy has advantages over thermal energy as this Nuclear Energy is Clean Energy, has Low Carbon Emission, High Energy Density, Reliability and can run for a long period of time, has effective waste management and increases Energy Security by reducing reliance on imported coal, oil and gas.

The petition was admitted vide order dated 29.05.2023 and notice was issued to NPCIL to file its reply. NPCIL submitted its reply reiterating the submissions made by PSPCL and also sought the approval of the PPAs. On 27.07.2023 the petition was heard and after hearing both the parties. order was reserved vide order dated 31.07.2023.

Observations and Decision of the Commission

2. The Commission has examined the submissions made by PSPCL & NPCIL in the petition and information submitted during the course of hearings. After hearing the pleadings of the counsel for PSPCL and NPCIL, the observations and decision of the Commission are as under:

Regulation 13 of the Punjab State Electricity Regulatory Commission (Power Purchase and Procurement Process of Licensee) Regulations 2012 specifies as under:

“ 13. Power Purchase Arrangements or Agreements

Any new long term power purchase arrangement or agreement and amendments to existing PPA entered into by Distribution Licensee(s), shall be subject to prior approval of the Commission under section 86 of the Act, in respect of:-

- (i) Necessity;*
- (ii) Reasonability of cost;*
- (iii) Promoting efficiency, economy, equitability and competition ;*
- (iv) Conformity with regulations for investment approval;*

- (v) *Conformity with requirements of quality, continuity and reliability of supply;*
- (vi) *Conformity with safety and environmental standards;*
- (vii) *Conformity with criterion of power purchase as laid down by the Commission;*
- (viii) *Conformity with policy directives of the State Government and policies issued by the Government of India viz. National Electricity Policy, Tariff Policy, long term and short term power procurement guidelines.”*

The above provision mandates that the long term power purchase arrangement of the distribution licensee shall be subject to the specific/prior approval of the Commission in respect of need/necessity and reasonability of cost with the objective of making available secure and reliable power supply at economically viable tariffs.

Need/Necessity for procurement and reasonability of cost on long term basis:

The Commission notes the recommendation of PSPCL's Long Term Power Purchase Committee (LTPPC) that during FY 2021-22, PSPCL procured power from three stations of NPCIL i.e. NAPS-1&2, RAPS-3&4 and RAPS-5&6 at a purchase rate (combined) less than Rs. 3.50/kwh (excluding transmission charges and losses). PSPCL faces huge shortages of supply during the peak season and also during other times of the year and have procured short term power costing above Rs.4/kwh from Energy Exchanges and through Traders. It will not be beneficial for PSPCL to surrender power costing less than Rs. 3.50/kwh. The LTPPC Committee further recommends that PSPCL may renew PPAs with NPCIL for its three power stations (NAPS-1&2, RAPS-3&4 and RAPS-5&6) subject to prior approval of PSERC.

The commission also notes the NPCIL submission that tariff with respect to each power station would be decided as per the notifications

issued by Department of Atomic Energy (DAE) from time to time in exercise of its powers under Section 22(1)(b) of the Atomic Energy Act, 1962 (excluding the transmission charges and losses). Further PSPCL has submitted that the latest prevailing Notification from the DAE was issued on 22.03.2018 and estimated the rates of power delivered at the state periphery including transmission charges etc. as (i) Rs. 3.48/kWh for NAPS 1&2; (ii) Rs. 3.83/kWh for RAPS 3&4; and (iii) Rs. 4.41/kWh for RAPS 5&6.

In view of the LTPP Committee recommendation, keeping in mind the requirements of PSPCL, reasonability of the cost of supply estimated from procurement from Units 1 & 2 of Narora Atomic Power Station and Units 3,4,5 & 6 of Rajasthan Atomic Power Station Units and in view of the fact that the power generation from nuclear energy is reliable and clean with low carbon emissions, the Commission decides to accept the prayer in the present petition.

Accordingly, the Commission approves the PSPCL's Long Term Power purchase arrangement of 197MW of nuclear Power from (i) Units 1 & 2 of Narora Atomic Power Station (51 MW); (ii) Units 3 & 4 Rajasthan Atomic Power Station (100 MW); and (iii) Units 5 and 6 Rajasthan Atomic Power Station (46 MW) of NPCIL.

Order Announced.

Sd/-

(Paramjeet Singh)
Member

Sd/-

(Viswajeet Khanna)
Chairperson

Chandigarh

Dated: **09.08.2023**