

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

**I.A No. 08 of 2019
In Petition No. 32 of 2018
Date of hearing: 15.01.2020
Date of Order: 20.01.2020**

Petition under Section 86(1)(b) of the Electricity Act, 2003 seeking approval of PPA executed by the petitioner with the Respondent, Shree Ganesh Edibles Private Limited.

AND

In the matter of: Punjab State Power Corporation Limited, The Mall,
Patiala, Punjab.Petitioner

Versus

Shree Ganesh Edibles Private Limited, Shop No. 25-B,
New Grain Market, Khanna, District Ludhiana, Punjab.
.... Respondent

Present: Ms. Kusumjit Sidhu, Chairperson
Sh. S.S. Sarna, Member
Ms. Anjuli Chandra, Member

For PSPCL: Sh. V.P.S. Kailay, ASE/TR-2
Sh. Mukesh Kumar, ASE/TR-5
Sh. Kewal Singh, ASE/IPC

For Shree Ganesh Edibles Private Limited: None

ORDER

PSPCL filed Petition No. 32 of 2018 under section 86 (1) (b) of the Electricity Act, 2003 (the Act) for approval of the Power Purchase Agreement dated 25.01.2018 executed between PSPCL and Shree Ganesh Edibles Private Limited (PPA) for purchase of Non-Solar RE surplus power of 500 kW from the 2.92 MW Biomass fuel based Co-generation Power Project established by Shree Ganesh Edibles Pvt. Ltd at Village-Shahpur, Distt.- Fatehgarh Sahib (Punjab) on BOO basis under NRSE Policy, 2012. The Commission approved the procurement of power under the PPA and

disposed of the Petition vide order dated 29.11.2018. PSPCL vide memo no. 5835/TR-5/907 dated 22.10.2019 intimated the Commission that supplementary PPA between PSPCL and M/s Shree Ganesh Edibles Private Limited has been signed on 20.09.2019 deleting clause no. 2.2.2 of the Power Purchase Agreement dated 25.01.2018. PSPCL further submitted vide memo no. 5923/TR-5/907 dated 08.11.2019 that there is no change in the quantum of power and tariff mentioned in the original PPA so there is no need to intimate the Commission as the amendment was made in one clause of PPA by mutual consent of both the parties.

Observing that the supplementary PPA dated 20.09.2019 may affect the rights and interest of the consumers, the Commission took on record memo no. 5923/TR-5/907 dated 08.11.2019 as an IA No. 08 of 2019 in Petition No. 32 of 2018 and directed PSPCL to file the necessary affidavit and appropriate fee as per the Regulations of the Commission in this regard further directing both the parties to appear on 11.12.2019.

2. PSPCL filed an application alongwith an affidavit seeking approval of the supplementary PPA executed between PSPCL and M/s Shree Ganesh Edibles Private Ltd. It has been submitted that Dy.CE/ISB, PSPCL, Patiala vide memo no. 5710/ISB-3 dated 09.01.2019 intimated the office of Dy.CE/IPC, PSPCL, Patiala that as per provision of Clause No. 2.2.2 of PPA dated 25.01.2018, Net-Metering has been inadvertently allowed to the Generating Company. In terms of the PPAs signed with other Co-gen Plants Net-Metering is not allowed to the Co-gen Plants (Shree Ganesh Edibles Pvt. Ltd. being a Co-gen plant), therefore, Clause No. 2.2.2 of PPA dated 25.01.2018 is required to be deleted.

2.1 The Supplementary PPA was executed to delete the Clause No. 2.2.2 which was inadvertently incorporated in the PPA dated 25/01/2018 and to suitably amend Clauses 2.2.1 and 3.4.0 of the PPA. This Clause did not exist in the PPAs already executed with other Co-generation Power Project Developers. This Clause is applicable only in the PPAs executed with Independent Power Producers. This Clause provides the provision of Net-metering for two months in case of no generation by the Co-generation Power Project Developer. As the Co-generation Power Project Developer being a consumer of the PSPCL under General LS Category runs its industrial load

during the period of non-generation of electricity at a tariff applicable to General LS Industry, therefore, the provision of Net-Metering cannot be allowed to a Co-generation Power Project Developer under two different tariffs i.e. one tariff is applicable to General LS Industry and the other is rate of power purchased from Co-generation Power Project Developer. In such a situation, PSPCL will suffer financial loss as the rate applicable to General LS Industry is more than the rate at which the power is being purchased from the Generating Company.

2.2 In the present case, considering the table of energy exported and energy imported from 26.11.2018 to November, 2019 it is clear that the huge quantum of energy imported/consumed by the Generating Company from PSPCL is being used for running its industrial load for which as per Clause No. 2.2.1 of the PPA, monthly energy bills should have been issued to the Generating Company. In view of the above, Net-Metering i.e. adjustment cannot be allowed to the Generating Company and accordingly Clause No. 2.2.2 has been deleted. Clause No. 2.2.1 has been amended only to the extent to bring clarity in the understanding of the Clauses of the PPA. Clause No. 3.4.0 has been amended by replacing the words "*Clause No. 2.2.2*" by words "*Clause No. 2.2.3*" appearing in Clause No. 3.4.0 as the Clause No. 2.2.2 has been deleted.

3. The IA was taken up for hearing 08.01.2020 however, nobody appeared on behalf of M/s Shree Ganesh Edibles Pvt. Ltd. The hearing in the IA was adjourned to 15.01.2020 in the interest of justice. Last opportunity was granted to Shree Ganesh Edibles Pvt. Ltd to appear on 15.01.2020 failing which it was ordered that the matter shall be decided in the absence of Shree Ganesh Edibles Pvt. Ltd.

4. **Observations and Decision of the Commission**

The Commission has examined the submissions made in the IA and have heard the representatives of PSPCL. Nobody appeared on behalf of Shree Ganesh Edibles Pvt. Ltd. when the matter was heard on 15.01.2020. The Electricity Act, 2003 stipulates the functions of the State Commission under Section 86 of the Act. Section 86 (1) (b) of the Electricity Act, 2003 stipulating the functions of the State Commission mandates that the State

Commission shall 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. Further, Regulation 13 of the Punjab State Electricity Regulatory Commission (Power Purchase and Procurement Process of Licensee) Regulations, 2012 regarding Power Purchase Arrangements or Agreements provide as under:-

*“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.”*

Shree Ganesh Edibles Pvt. Ltd. and PSPCL have agreed to incorporate the modification/amendments/substitutions in the agreement dated 25.01.2018 as agreed by the parties. By executing the supplementary PPA dated 20.09.2019 there is no change in the quantum of power and tariff mentioned in the original PPA dated 25.01.2018 approved by the Commission vide order dated 29.11.2018 in petition no. 32 of 2018. PSPCL has also submitted vide memo no. 5923/TR-5/907 dated 08.11.2019 that there is no change in the quantum of power and tariff mentioned in the original PPA and the supplementary PPA was signed with mutual consent of both the parties. Keeping in view the above facts and the reasons given by PSPCL in its

submissions, the supplementary PPA dated 20.09.2019 is approved and the IA is disposed of accordingly.

Sd/-
(Anjuli Chandra)
Member

Sd/-
(S.S. Sarna)
Member

Sd/-
(Kusumjit Sidhu)
Chairperson

Chandigarh
Dated: **20.01.2020**

