

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

IA No. 05 of 2021
in Petition No. 04 of 2020
Date of Order: 24.08.2021

Approval for the Power Purchase Agreements (PPAs) and procurement process of Punjab State Power Corporation Limited related to the procurement of power from the Hydro and Nuclear generating stations.

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

... Petitioner

Present: Sh. Viswajeet Khanna, Chairperson
Ms. Anjuli Chandra, Member
Sh. Paramjeet Singh, Member

ORDER

1. Punjab State Power Corporation Limited (PSPCL) has filed the present application for seeking a clarification as to whether the Order dated 8.12.2020 includes the approval to renew the PPAs with Bairasuil, Sewa – II, Chamera – III, Uri-II and Parbati-III Stations of NHPC.
2. The submissions made in the petition are summarized as under:
 - i) PSPCL had filed a Petition No. 4 of 2020 seeking approval in respect of the Power Purchase Agreements (PPAs) and Procurement Process of PSPCL related to Hydro and Nuclear Generating Stations. In petition No. 4 of 2020 one of the prayers was to declare that the PPAs for the generating stations (Sewa-II, Uri-II, Chamera-III, Parbati-III

and Bairasuil) of NHPC stands renewed on the same tariff, terms and conditions and approve the power procurement.

- ii) With regards to Sewa – II, Chamera – III, Uri-II and Parbati-III, the Commission has observed that in case PSPCL continues to receive power, the terms and conditions of the Agreement will continue to operate. No such consideration has been granted in respect of Bairasuil and the expiry date has been considered as 31.03.2017.
 - iii) PSPCL continues to receive power from the aforementioned Stations of NHPC. PSPCL had originally entered into the PPAs for Sewa – II, Chamera – III, Uri-II and Parbati-III which were subject to renewal every 5 years. The PPA for Bairasuil was entered into for a period of 35 years from the Commercial operation date i.e. till 2017 but the same has undergone Renovation and Modernization and the useful life stands extended for another 25 years.
 - iv) While approving the power procurement from the aforesaid Stations of NHPC, the cutoff date for Bairasuil Station has been recorded as 31.03.2017, even though PSPCL has continued to receive power after the Renovation and Modernization. Further, the approval in respect of Sewa – II, Chamera – III, Uri-II and Parbati-III has been granted on the condition that PSPCL continues to receive the power.
3. During the hearing held on 10.03.2021 PSPCL submitted that the Bairasuil power project has undergone R&M and its rates have been revised and rates in respect of Parbati-III and Sewa-II have also

been changed. PSPCL was directed to submit the following information.

- i) The updated Status of the Bairasuil power plant and revision in the rates.
- ii) Any revision in rates of Sewa-II, Uri-II, Chamera-III and Parbati-III power projects.

4. PSPCL vide letter dated 31.03.2021 submitted the following information:

- i) Bairasuil Power Plant consists of three units (3 X 60 MW). NHPC has completed the R&M of 2 of units up to 2019-20. The R&M of the third unit of the Bairasuil Plant is being carried out by NHPC and is expected to be completed by June 2021.
- ii) Levelised Tariff (LT) of Bairasuil, Sewa-II, Uri-II, Chamera-III and Parbati-III plants of NHPC for their balance life i.e. from FY 2021-22 up to 35 years from COD is as under:

Sl. No.	Power Station	Installed Capacity (MW)	COD	Allocation as per MOP to Punjab (%)	Punjab Share MW	Annual Energy (MU) to Punjab	LT for balance life (Rs/kWh)
1	Bairasuil	180	01.04.1992 (Undergoing R&M)	46.50	83.70	358.74	3.35
2	Sewa-II	120	24.07.2010	8.33	10.00	44.00	5.15
3	Chamera-III	231	04.07.2012	7.86	18.15	86.01	3.96
4	Uri-II	240	03.02.2014	8.13	19.52	90.29	4.01
5	Parbati-III	520	07.06.2014	7.86	40.87	54.47	2.38

PSPCL has also attached letter No. NH/Comml./BPSA/PSPCL/2021/201 dated 12.03.2021 in support of his submissions.

- iii) As per NHPC submission, its Kishanganga project is located upstream of Uri-II and is likely to contribute additional 50 to 100 MUs of secondary energy of Uri-II

which will reduce the effective tariff of Uri-II. Also, Normative Annual Plant Availability Factor (NAPAF) of Uri-II power station has been increased to 70% from 55% at present resulting in reduction of incentive on capacity charges. PSPCL submitted that the tariff of Uri-II will reduce to Rs 3.33/kWh w.e.f 2026-27, which was Rs. 4.84/kWh in FY 2018-19 and levelised tariff of the power station shall be Rs. 4.01/kWh.

- iv) PSPCL submitted that the tariff of Parbati-III will reduce after the commissioning of the upstream Parbati-II Project and is stated to be in the range of Rs 2.85/kWh w.e.f 2022-23 onwards against normative tariff for FY 2018-19 which was Rs. 3.28/kWh. PSPCL has further submitted that the Levelised tariff of Parbati-III shall be Rs. 2.38/kWh. PSPCL has also submitted that NHPC has indicated that the tariff of Sewa-II as Rs. 5.17/kWh for FY 2021-22 and Rs. 5.15/kWh FY 2022-23 which will reduce to Rs 4.19/kWh in 2023-24 after repayment of loan.
5. After hearing PSPCL, the Commission reserved the Order on dated 07.05.2021.
6. Thereafter the Commission vide Order dated 30.06.2021 found it appropriate to seek information for the proper adjudication of the matter with respect to the period for which PPA's were to be renewed by PSPCL along with reasons and justifications high levelised tariff of Sewa-II Hydro Power Station. In reply PSPCL vide memo No. 6710 dated 16.07.2021 submitted that the duration of the PPA's shall be for 35 years from COD in respect of Sewa-II Chamera-III, Uri-II and Prabati-III Power Stations and 25 years for Bairasuil Power Station from completion date of

R&M works which is expected to be 15.08.2021. PSPCL also submitted that the projected tariff for Sewa-II Hydro project will be Rs. 5.17/kWh and Rs. 5.15/kWh for FY 2021-22 & FY 2022-23 and thereafter shall reduce to Rs. 4.19/kWh due to repayment of loan. Projected tariff from FY 2024-25 to FY 2049-50 is increasing due to increase in O &M expenses with escalation of 4.77% and therefore, the projected levelised tariff till balance life of Sewa-II hydro project is Rs. 5.15/kWh.

7. Observations and Decision of the Commission:

PSPCL had filed Petition No. 04 of 2020 for approval of its Power Purchase Agreements (PPAs) relating to procurement of Power from Hydro and Nuclear Power Generating Stations. PSPCL in its submission vide letter dated 28.09.2020 requested the Commission to approve the PPAs and procurement of electricity from the generating stations listed with a cumulative contracted capacity of 709 MW. Accordingly, the Commission vide Order dated 08.12.2020 approved long term power purchase arrangement for 709MW power (663MW Hydro + 46 MW Nuclear) from 16 generating stations listed in table 1, at the tariff determined by CERC.

It is pertinent to note here that power procurement from Central Sector Generating Stations where allocation of power has been made by the Central Government, continues on the same terms and conditions even after completion of the tenure of the PPA if the Discom continues to draw power. It has been observed from the information submitted in respect of Bairasuil, Chamera-III, Uri-II and Parbati-III hydro projects that the Levelised tariff for the balance life of these projects is 3.35Rs./kWh, 3.96 Rs./kWh, 4.01 Rs./kWh and 2.38 Rs./kWh

respectively which appear to be reasonable. In respect of Sewa-II hydro power station, the Commission observes that the levelised tariff indicated is Rs. 5.15/kWh for the period from COD to FY 2049-50 and on enquiry regarding high Levelised tariff, it was informed that this is due to escalation in O&M charges over the period. The share of PSPCL is only 10 MW from Sewa-II, however, the generation profile matches the demand profile of PSPCL and energy is available during the peak demand period. Therefore it would be beneficial for PSPCL to draw power from this project in the long run.

Since PSPCL continues to draw power from the NHPC generating stations of Bairasuil along with, Sewa-II, Chamera-III, Uri-II and Parbati-III hydro power Stations on the same terms and conditions, PSPCL may renew the PPAs for these projects as prayed for.

IA No. 05 of 2021 is disposed of accordingly.

Sd/-

(Paramjeet Singh)
Member

Sd/-

(Anjuli Chandra)
Member

Sd/-

(Viswajeet Khanna)
Chairperson

Chandigarh

Dated: 24.08.2021