

Comments, Objections and Suggestions
On
**PPA between
CSPDCL and TSDISCOMS**

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Appeal to the Commission

- Chhattisgarh State Power Distribution Company Limited (CSPDCL) is the main respondent in the Present Case.
- Hearing is going on without the presence of CSPDCL or its views on the objections raised by all the stake holders.
- Only TSDISCOMS gave their responses to objections raised by the stakeholders and it is not clear whether CSPDCL holds the same view or not.
- We request the commission to communicate the responses of CSSPDCL on the objections raised to all the stake holders and take their views into consideration before a final decision is taken on approval of this PPA.

MOU Route
Vs
Competitive Bidding Route

MOU route Vs Competitive Bidding Route

Why MOU route?

The reasons for adopting MOU route instead of competitive bidding route are not known.

To overcome current power crisis?

- Power under this PPA can be procured only after grant of open access by CTU, which can happen after a minimum period of two years with the completion of Wardha-Maheshwaram line.
- Wardha-Maheshwaram Line is scheduled to be completed in full shape only in XIII Five Year Plan (SRPC Minutes).

MOU route Vs Competitive Bidding Route

To meet future needs?

- GoTS claims Telangana will become **power surplus state by 2018-19** (with the completion of KTPP-II-600 WM, Singareni-1200 MW, BTPP-1080MW, KTPS-VII-800 MW, Damaracharla - 4000MW, dedicated NTPC –Ph-1-1600MW etc,.)
- In such a case, the **need for 12 year PPA is not justified.**

MOU route Vs Competitive Bidding Route

To Reserve Transmission Corridor?

- Process of entering MOU with Chhattisgarh has taken over 4 months time.
- This time would have been sufficient for completing Competitive Bidding Process.
- Wardha-Maheshwaram line capacity is about 4200 MW. But only about 2400 MW can be used given transmission constraints.
- Even this capacity can be utilised in phased manner even after completion of this line.

MOU route Vs Competitive Bidding Route

- It is learnt that States like Tamilnadu have already applied for corridor for significant capacity even before formation of Telangana State.
- In such a scenario, very limited transmission corridor can be allotted to Telangana.
- Thus, there is no specific advantage in adopting MOU route over Competitive Bidding route, and as such MOU route is not recommended.

Burden on Consumers
Due to
Chhattisgarh Power

Estimated Burden Due to Chhattisgarh Power

Assumptions Made	
Capital cost(Rs 8cr/MW) including IDC	Rs 8000 cr
Debt: Equity	70:30
Interest Rate	12-14%
ROE	16%
Depreciation	7-8%
O&M	4-5%
PLF	85%

Estimated Burden Due to Chhattisgarh Power

Fixed Cost	Rs 3.00/Unit
Variable cost	Rs 1.00-1.25/Unit
Electricity Duty	Rs 0.25/Unit
Minimum Alt. Tax	Rs 0.25/Unit
Transmission charges upto State Periphery	Rs 1.00/Unit
Tariff as per PPA	Rs 5.50 – 5.75/Unit
Tariff From Competitive Bidding Route (At State Periphery)	Rs 4.00-4.25/Unit (AP recent bids...Rs 4.23/Unit) (TS recent bid...Rs 4.15/Unit)

Estimated Burden Due to Chhattisgarh Power

Additional Burden Per Unit	Rs 1.25 – 1.75/Unit Say Rs 1.50/Unit
Total Energy Purchased Per Year	700 cr units
Additional Burden on Consumers Per Year	Rs 1050 cr/Year
Additional Burden on Consumers During term of PPA (12yrs)	Rs 12600 cr

Estimated Burden

Due to Chhattisgarh Power

- If compared with recent bid of Tata Power, Delhi, JITPL, Balco have quoted a price of Rs 3.50-3.55/Unit, the additional burden on the consumers is about
 - **Rs1470 cr /year,**
 - **i.e. about Rs 17640 cr during term of PPA.**
- In addition to the above, there are several other hidden costs, take or pay provisions, discussed later, which result in enormous burden on consumers.
- In view of the above, we request the Hon'ble Commission **not to give consent to the PPA,**
 - if actual tariff estimates from CSPDCL are not available with TSDISCOMS , and
 - if the PPA results in burden on consumers compared to power procured from Competitive Bidding Route.

Who shall determine Tariff -
CSERC or TSERC?

Who shall determine Tariff - CSERC or TSERC?

- As per Article 5.1 of the PPA, “The **Tariff** for the Aggregate Contracted Capacity supplied from the Power Station would be as determined by the Hon’ble Chhattisgarh State Electricity Regulatory Commission (CSERC) from time to time as per the provisions of the Electricity Act 2003....”
- And, **role of TSERC** would be limited to determination of trading margin.

Who shall determine Tariff - CSERC or TSERC?

- Determination of tariff by CSERC is in violation of provisions of Electricity Act, 2003.
- Section 64(5) of Electricity Act, 2003 clearly states that, “**Notwithstanding anything provided or contained in Part X**, the tariff for any inter-state supply, transmission or wheeling of electricity, as the case may be, involving the territories of two states may, upon application made to it by the parties intending to undertake such supply, transmission or wheeling be determined under this section by the state commission having jurisdiction in respect of the licensee who intends to distribute electricity and make payment therefor:”

Who shall determine Tariff - CSERC or TSERC?

- In the instant case, electricity is distributed by TSDiscoms.
- TSERC shall have power to determine tariff for the power supplied by CSPDCL.
- **Just by creating an intermediary** between CSPGCL and TSDISCOMS, Chhattisgarh wants to avoid jurisdiction of TSERC over determination of tariff.
- This is a clear violation of provisions of Electricity Act, 2003.

Who shall determine Tariff - CSERC or TSERC?

- TSDISCOMS in their replies have stated that, “**Sec 64 (5) is not a mandatory...**” and proceed to state that, “... moreover, CSPDCL has a back-to-back PPA with CSGPCL and in that **Tariff would be determined by CSERC as per Sec 62 of the Act**”.
- **We need to examine,**
 - i. whether Section 64(5) is mandatory or not, and
 - ii. Whether CSERC can determine tariff under S.62 of the Act.

Who shall determine Tariff - CSERC or TSERC?

1. Is Section 64(5) Not Mandatory?:

- Section 64 (5) clearly state that, “Notwithstanding anything provided or contained in Part X.....”
- Obviously, section 64(5) is an overriding provision of all other provisions in Part X
- Section 62 is in Part X.
- Hence, Section 64(5) is a mandatory provision in case inter-state supply is involved.

Who shall determine Tariff - CSERC or TSERC?

2. Can CSERC determine tariff from CSPGCL as per Sec 62 of the Electricity Act, 2003?:

- Section 86 (1)(b) of Electricity Act dealing with functions of State Commission state that, 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**”.

Who shall determine Tariff - CSERC or TSERC?

- In the instant case, CSPDCL is purchasing electricity from CSPGCL, not for distribution and supply within the Chhattisgarh state.
- Hence, determination of generation tariff under Section 62, is in violation of provisions of Electricity Act, 2003.
- We request the hon'ble commission to revise the clause to provide for tariff determination by TSERC.

Burden of Fixed Costs

Burden of Fixed Costs

- Alarming, certain provisions in the PPA will force TSDISCOMS to pay **huge fixed costs** to CSPDCL, even **without receiving energy**, for no fault on its part.
- Article 6.5.3 states that, *“Notwithstanding anything contained in Articles 6.5.1 and 6.5.2 (these two articles are on corridor availability and corresponding supply by the supplier) above, the supplier shall recover all Fixed Charges even in case the Procurers do not schedule the **entire Aggregate Contracted Capacity**, subject to the Power Station having declared Normative Availability as per the terms of this Agreement.”*

Burden of Fixed Costs

- Recovery of Fixed Charges is linked to “Aggregate Contracted Capacity” and not “Contracted Capacity”, i.e. without regard to the transmission corridor allotted to TSTransco by the Powergrid (CTU).
- Aggregate contracted capacity is entire 1000 MW and not corridor allotted by Powergrid.
- This will force TSDISCOMS to pay huge fixed costs to CSPDCL, even without receiving energy, in case corridor allotted to TSTransco is less than 1000 MW

Burden of Fixed Costs

- TSDISCOMS in their reply have stated that,
 - *“Art 6.1 Scheduled Delivery Date: The Scheduled Delivery Dates would come into effect post the approval of the transmission corridor from the CTU, indicating the quantum of power and the effective date of such transmission corridor being made available by the CTU to the Procurers. (Explanation;-Based on the approval obtained from CTU, indicating the quantum of power and effective date of availability of transmission corridor, the Scheduled delivery Date comes into effect.) “*
- Reply by TSDISCOMS avoids the real issue –
 - i.e. whether TSDISCOMS would be paying capacity charges for energy not drawn due to non-availability of corridor upto Aggregate Contracted Capacity.

Burden of Fixed Costs

- **Example (Burden of Fixed Charges on Consumers):**
 - Assuming Corridor allotted to TSDISCOMS: 400 MW
 - Unutilised capacity of total Agg.Con.Capacity:
1000-400 MW: 600 MW
 - Assuming a capacity charge of Rs 2.50- 3.00/unit
 - Additional capacity charge payable to CSPDCL by TSDISCOMS **without receiving energy** would be:
 $600 \times 8.76 \times 2.5/10 = \text{Rs.1,314 -1576 cr/year.}$
 - This harmful provision needs to be deleted to avoid payment of huge fixed costs by TSDISCOMS.
 - **We request the Commission to restrict the payment of Fixed costs to corridor allotted to TSDISCOMS.**

Under Utilisation by TSDISCOMS

- i. One of the Discoms
- ii. Both the Discoms

Under utilisation by One of TSDiscoms

Article 6.7.3 of the PPA states that,

- “If any Procurer does not avail power up to the available capacity provided by the Supplier corresponding to such Procurer’s Contracted Capacity,
- the Supplier shall be entitled to sell such available capacity not scheduled by such Procurer, to any person without losing the right to receive the Capacity Charges from the Concerned Procurer for such unavailed available capacity.
- In such a case, the sale realization in excess of the Energy Charges, shall be equally shared by the Supplier with the Concerned Procurer....”.

Under utilisation by One of TSDiscoms

- The above article puts the TSDISCOMS in a serious disadvantageous position.
- The PPA is for entire 1000 MW capacity and TSDISCOMS should have total liberty to use the above power in whatever manner they want.
- Schedule 5 is only indicative of the relative requirement of each of the TS Discoms.
- Any changes in consumption patterns, requirement of individual Discoms without affecting the overall contracted capacity under this PPA should not result in any overall additional burden.

Under utilisation by One of TSDiscoms

- But the above Article treats the current PPA as a separate agreement entered with each of the Discoms by the supplier limiting suppliers obligation to each of the Discoms in the ratio specified at Schedule 5. This has serious implications for TSDISCOMS.

Under utilisation by One of TSDiscoms

- TSDISCOMS in their reply have stated that,
 - “Please refer to Art 6.7.1: Subject to provisions of this Agreement, the entire Aggregate Contracted Capacity shall be for the exclusive benefit of the Procurers and the Procurers shall have the exclusive right to purchase the entire Aggregate Contracted Capacity from the Supplier. The Supplier shall not grant to any third party or allow any third party to obtain any entitlement to the Contracted Capacity and/or Scheduled Energy

Under utilisation by One of TSDiscoms

- TSDISCOMS in their reply further stated that,
 - Schedule-5 sharing is only indicative. Further, TSTRANSCO schedules energy to TSDISCOMs; hence, **such a hypothetical situation does not arise”**
- TSDISCOMS may explain why such clause is incorporated in the PPA if such situation is purely hypothetical, and
- Why Cant above clause be deleted then?

Under utilisation by One of TSDiscoms

- Reply by TSDISCOMS is not relevant to the objection raised. It is true that TSDISCOMS have exclusive right over the entire Aggregate Contracted Capacity. But Article 6.7.3 is invoked
 - only when If any Procurer does not avail power up to the available capacity provided by the Supplier corresponding to such Procurer’s Contracted Capacity” and
 - gives right to the supplier to sell such available capacity not scheduled by such procurer to any person.....

Under utilisation by One of TSDiscoms

- **And, with regards to scheduling,**
 - whether scheduling is done by TSTRANSCO or TSDISCOMS, it hardly matters, as the above Article is invoked once any of the procurer fails to avail power upto **Contracted capacity**.
- Whereas Contracted Capacity is defined in Article 1.1, as,
 - “**with respect to each Procurer**, shall mean the power contracted by the ‘Supplier’ from the Power Station for supply to the Telangana State DISCOMs, viz., TSSPDCL and TSNPDCL, **as per the proportion laid out in Schedule 5 of this Agreement**”
- Hence, even for scheduling of contracted capacity, procurers are bound by the proportion laid out in Schedule 5 of the PPA.

Under utilisation by One of TSDiscoms

Following example illustrates how the above provision would result in additional financial burden on TSDISCOMS.

- Total Capacity: 1000 MW.
- Capacity allotted to SPDCL: 700 MW
- Capacity allotted to NPDCL: 300 MW
- Assuming capacity charge: Rs 3/unit,
Energy charge: Rs 2/unit.
(other charges like wheeling/transmission charges are ignored)
- Period considered : 1 year

Under utilitsation by One of TSDiscoms

- **Case 1 (Drawals as per Schedule 5):**

- scheduling by SPDCL: 700 MW
- Scheduling by NPDCL: 300 MW
- Charges payable by SPDCL: $(700 \times 8.76 \times 3 + 700 \times 8.76 \times 2)/10 =$ Rs 3066 cr
- Charges payable by NPDCL: $(300 \times 8.76 \times 3 + 300 \times 8.76 \times 2)/10 =$ Rs 1314 cr
- **Total charges payable by two DISCOMS:**
Rs.4,380 cr

Under utilisation by One of TSDiscoms

Case 2 (underdrawal by one company, say NPDCL):

- Scheduling by NPDCL: 100 MW
- Charges payable by NPDCL:
 $300 \times 8.76 \times 3 / 10 + 100 \times 8.76 \times 2 / 10 = \text{Rs } 963.60 \text{ cr}$
- Scheduling by SPDCL: $700 + 200 = 900 \text{ MW}$
- Charges payable by SPDCL:
 $900 \times 8.76 \times 3 / 10 + 900 \times 8.76 \times 2 / 10 = \text{Rs } 3942 \text{ cr}$
- Charges shared (50% over energy charges) by the supplier with TSNPDCL=
 $200 \times 8.76 \times 3 \times 1 / 10 \times 1 / 2 = \text{Rs } 262.80 \text{ cr}$

Under utilisation by One of TSDiscoms

- Net charges payable by TSNPDCL = $963.60 - 262.80 = \text{Rs } 700.80 \text{ cr}$
- Total charges payable by TSSPDCL and TSNPDCL = $3942 + 700.80 = \text{Rs } 4642.80 \text{ cr}$
- **Hence, additional burden on TSDISCOMS in case 2 = $4642.80 - 4380 = \text{Rs } 262.80 \text{ cr}$**

Under utilisation by One of TSDiscoms

- The above additional burden can be avoided if the above Article is suitably amended to allow TSDISCOMS to decide on the power share as per their requirements and accordingly schedule power.
- Hon'ble Commission is requested to direct TSDISCOMS to amend the above Article accordingly.

Under utilisation by Both TSDiscoms

- Article 6.7.3 of the PPA further states that,
 - “...If both Procurers do not avail of the available capacity corresponding to their Contracted Capacity, provisions of this Article shall be applicable to them mutatis mutandis and in such case,
 - fifty percent (50%) of the excess over Energy Charges recovered by the Supplier from sale to third party shall be retained by the Supplier and the balance fifty percent (50%) shall be provided by the Supplier to the Concerned Procurer(s) in the ratio of their available capacity not dispatched by such Concerned Procurer(s) and sold by the Supplier to third parties.
 - During this period, the Supplier will also continue to receive the Capacity / Fixed Charges from such Procurers.”

Under utilisation by Both TSDiscoms

- Even in this case also TSDISCOMS would be losing 50% of the revenue realized over and above energy charges by CSPDCL from sale to third parties for the energy not availed by them.
- This provision shall be suitably amended to ensure that the entire proceeds of the sale to third parties accrue to TSDISCOMS. TSERC may decide on marketing margin that may be paid to CSPDCL by the TSDISCOMS.

Under utilisation by Both TSDiscoms

- Alternately, TSDISCOMS shall have power to sell any unutilized capacity by them for sale to third parties.
- We request the Hon'ble Commission to direct the TSDISCOMS to amend the PPA accordingly.

Normative Annual Plant Availability Factor or
“NAPAF”

Normative Annual Plant Availability Factor or “NAPAF”

- As per article 1 of the PPA, Normative Annual Plant Availability Factor or “NAPAF” shall mean eighty five percent (85%) of the Aggregate Contracted Capacity at the interconnection point for full recovery of fixed charges on a Contract Year basis.
- However, Article 6.5.1 states that, “The Procurers shall apply for the open access for the contracted quantum of energy and the period. If the Open Access is granted for 80% to 100% of the Contracted quantum of power Capacity for a particular period, the ‘Supplier’ will have to arrange for scheduling of a minimum of 80% of the Aggregate Contracted Capacity during that period in energy terms.”

Normative Annual Plant Availability Factor or “NAPAF”

- As per this clause, even if open access is granted for 100% capacity, the supplier has the obligation to supply only upto 80% of the Aggregate Contracted Capacity.
- But TSDISCOMS shall pay entire Capacity Charges presuming 85% energy is made available by CSPDCL.

Normative Annual Plant Availability Factor or “NAPAF”

- TSDISCOMS have not given any reply to this objection.
- Article 6.5.1 shall be suitably amended to provide scheduling of a minimum of 85% of the Aggregate Contracted Capacity or capacity for which open access is granted whichever is less.
- We request the Commission to amend the clause accordingly.

Fuel

Fuel

- As per Article 1, the term 'Fuel' is defined as, "the primary fuel used to generate electricity, namely domestic coal."

Fuel

- The term 'domestic coal' needs to be clearly defined.
- Whether it refers to
 - coal from a specific domestic coal mine which is allotted to the Marwa thermal station, or
 - any other source in the entire country?
- It is also to be clarified whether the above term also includes expensive coals like 'auctioned coal' etc.

Fuel

- If the term fuel refers to the coal from a specific coal mine allotted to this power station, in such a case,
 - if sufficient coal is not available to meet the obligations under this PPA, will the developer be allowed to procure coal from alternate sources of coal or not?
 - If yes, then how the additional costs would be treated?

Fuel

- If alternate sources are not permitted,
 - then would it be treated as Force Majeure condition for the Power Station forcing the procurers (TSDISCOMS) to pay the capacity charges for the energy not dispatched?
- Location of the coal mine shall be clearly stated in the agreement.
- We requested TSDISCOMS to clarify on all these issues.

Fuel

- TSDISCOMS in their reply have stated that,
 - “All Coal allotments will be as per the guidelines issued by Coal India from time to time. Supplier has a Pit Head Coal Mine at their disposal.
 - Supplier seeks the permission of the Procurers in advance to procure coal from alternate sources.
 - No further details are furnished.

Fuel

- Details of name of the coal mine, distance at which it is located from power plant, is not given.
- It is merely stated that “Supplier seeks the permission of the Procurers in advance to procure coal from alternate sources”.
 - It is not clear, if TSDISCOMS reject permission to procure coal from alternate sources, how capacity charges are treated?
 - Would TSDISCOMS limit payment of capacity charges to the energy generated?
 - Or they would pay capacity charges for the energy not generated using alternate sources?
 - What if available coal is below the threshold level for generation of power?

Fuel

- All these issues are not clearly stated in the PPA.
- Also, Fuel Supply Agreement (FSA) is not enclosed with the PPA.
- In the absence of FSA it is not possible to assess the variable cost for the power supplied under the current PPA.
- We request the Commission to direct TSDISCOMS to include all the missing details and furnish copy of FSA for the Marwa Power Plant.

Adhoc Tariff

Adhoc tariff payable

- Art. 5.1.4. (c) states that, “ Both the Supplier and the Procurers agree that the **billing and payment shall be done on an adhoc or provisional basis as per the proposal submitted by CSPGCL to the CSERC.**”
- Art. 5.1.4. (d) states that, “ The Supplier shall inform the Lead Procurer of any **adhoc Tariff determined by the CSERC** for the sale of electricity under the power purchase agreement dated 03 January 2011, pending the determination of the actual Tariff, for the purpose of billing on a provisional basis, **subject to adjustment as and when such Tariff is determined.**”

Adhoc tariff payable

- It is not clear from the above,
 - whether the payments of procurer to the supplier, prior to determination of actual tariff by the CSERC, would be based on proposals submitted by CSPGCL to the CSERC , or
 - on the basis of adhoc tariff determined by the CSERC.
- This needs to be clarified.

Adhoc tariff payable

- It is also not clear how the adjustments would be made after actual tariff has been determined.
 - Whether entire excess amount would be paid back to procurer along with interest,
 - if so how the interest rate would be decided, or
 - the excess amount would be adjusted in future bills, or
 - any other method for the purpose of adjustments needs to be clearly specified.

Adhoc tariff payable

- TSDISCOMS in their reply have stated that,
 - *“Adhoc Tariff is a Provisional Tariff allowed by CERC before finalising the Tariff*
 - *Even erstwhile APERC allowed Adhoc tariff in respect of SLBPH of APGENCO and the adjustments were made at a later date based on determination of final tariff “*

Adhoc tariff payable

- If adhoc tariff is determined by CSERC, then there is no need for Art 5.1.4. (C), which states that adhoc tariff would be as per the proposals submitted by CSPGCL.
- Even procedure for making adjustments after actual tariff has been determined is not stated. It has cost implications.
- We request the Commission to suggest suitable amendments to above provisions in PPA.

Minimum Threshold PLF Vs Contracted Capacity

Minimum Threshold PLF Vs Contracted Capacity

- Article 1 defines the Contracted Capacity with respect to each procurer as,
 - “the power contracted by the ‘Supplier’ from the Power Station for supply to the Telangana State DISCOMs, viz., TSSPDCL and TSNPDCL, as per the proportion laid out in Schedule 5 of this Agreement, and
 - which is co-terminus with the approved transmission capacity by the CTU for evacuation of the power from the Supplier’s Delivery point.”

Minimum Threshold PLF Vs Contracted Capacity

- It is not clear how supplier would meet his obligation under the PPA,
 - if the approved transmission capacity by the CTU is below the minimum threshold PLF required to operate the power plant?
 - Would the supplier compensate the above power from alternate sources of power supply as stated at Article 6.8?
 - Or the supplier would not supply any power at all and still claiming capacity charges for the entire capacity?

Minimum Threshold PLF Vs Contracted Capacity

- This will also force TSDISCOMS to pay transmission charges in addition to capacity charges, even while not receiving any energy from CSPDCL.
- TSDISCOMS are silent on this issue. No reply is furnished.
- We request the Commission to incorporate suitable provisions to avoid payment of capacity charges and transmission charges in the event of non supply of power by CSPDCL under the above circumstances.

Taxes, Duties, Cess etc,.

Taxes, Duties, Cess etc,.

- Article 5.1.3 of the PPA states that,
 - “all taxes levied by the competent authority,
 - electricity duty, ...
 - cess or otherwise any levy, including cess or on Auxiliary Consumption or any other type of consumption, including water, environment protection
 - shall be paid for by the Supplier, and reimbursed by the Procurers.
 - Applicable service charges on the Trading Margin, if any, shall also be borne by the Procurers.”

Taxes, Duties, Cess etc,.

- It is clear that entire burden is a clear pass through to the procurer without any protection.
- All these taxes and duties are outside the regulatory purview and depend on whims and fancies of concerned state governments.

Taxes, Duties, Cess etc.,

- We requested TSDiscoms to obtain the details of current levels of above taxes, duties etc., and ensure their reasonableness and allow any upward revisions to the account of the supplier only.
- TSDISCOMS in their reply have stated that, *“All the taxes are pass through as is being allowed by TSERC in respect of plants under TSGENCO”*.
- No details are given on what would be the additional burden on tariff on this account.

Taxes, Duties, Cess etc,.

- We request the TSERC to obtain the details of current levels of above taxes, duties etc., and ensure their reasonableness and allow any upward revisions to the account of the supplier only.

Contradictions between PPAs of
Generator&CSPDCL
Vs
CSPDCL & TSDISCOMS

Contradictions between PPAs of Generator&CSPDCL Vs CSPDCL & TSDISCOMS

- The terms and conditions of the PPA signed by the Generator (CSPGCL) with CSPDCL will have direct bearing on the tariff at which power is procured by the TSDISCOMS.
- It is possible that some of the provisions of above Generator's PPA, say incentives, disincentives etc., may contradict the provisions of the procurers' PPA with the supplier.
- In such an event, it is not clear which PPA would be considered as final?
- We request the Commission to clearly define this issue in the procurers' PPA.

Contradictions between PPAs of Generator&CSPDCL Vs CSPDCL & TSDISCOMS

- TSDISCOMS are silent on this issue. No reply is furnished.
- We request the Commission to clearly define this issue in the procurers' PPA.

PPA Provisions biased in favour of
Chhattisgarh

PPA Provisions biased in favour of Chhattisgarh

- Power Station's **Net Capacity** is defined as 1000 MW, being the installed capacity of the power station measured at ex-bus, reduced by the **normative auxiliary power consumption as prescribed by CERC from time to time.**
- As per Article 4.3.1, the **PAFM and PAFY** shall be computed in accordance with the formula prescribed by the CERC in its regulations, and **as may be amended from time to time.**

PPA Provisions biased in favour of Chhattisgarh

- This kind of uncertainty in the determination of tariff is not generally seen in the PPAs and not a desirable thing in the interest of TSDISCOMS.
- TSDISCOMS are silent on this issue.
- We request the Commission to ensure that these are not altered to the disadvantage of TSDISCOMS during the term of the agreement.

Term of Agreement

Term of Agreement

- Article 2.2 states that, “Subject to the terms of this Agreement, this Agreement shall continue in force from the Effective Date to Expiry Date, unless earlier terminated to Article 2.3.”
- As per Article 2.1, this agreement shall come into effect from the date it is executed by the last of the Parties and such date shall be referred to as the “Effective date”.

Term of Agreement

- As the date of signing of this PPA is 22nd September 2015, it is presumed that **effective date is 22nd September 2015.**
- And **Expiry date** is defined in Art 1 as the **date which is the 12th anniversary of the Delivery Date** or such extended period as mutually agreed upon by both parties.”

Term of Agreement

- There appears a **conflict between Art 2.2 and definition in Art 1** in deciding the term of the Agreement.
- As per the Article 2.2, the **effective date for commencement of term of the agreement has already taken place, which is 22nd September, 2015.**
- Whereas, as per Article 1 under definition clause, **term of the agreement commences from Delivery Date.**

Term of Agreement

- Though the term **Delivery Date** is nowhere defined, presuming that **Delivery date** is same as Schedule Delivery Date, i.e. **date of commissioning of Units or date of grant of open access whichever is later.**
- It is very clear that **delivery date** (date of grant of open access) **and effective date** (date of execution of this contract), **are not one and the same.**

Term of Agreement

- TSDISCOMS in their reply have stated that, “
 - As per Art 6.1.1, the Scheduled Delivery Dates would come into effect post the approval of the transmission corridor from the CTU, indicating the quantum of power and the effective date of such transmission corridor being made available by the CTU to the Procurers.
 - Further, Art 2.2 (Term of Agreement), read with definition of ‘Expiry Date’ provides the clarification”.

Term of Agreement

- It is not clear how **delivery date** (date of grant of open access) **and effective date** (date of execution of this contract), **are one and the same.**
- There is **ambiguity** in the definition of Term of the Agreement.
- **We request the Commission to remove this ambiguity.**

Revised Scheduled Delivery Date(s)

Revised Scheduled Delivery Date(s)

- It is stated in Article 6.1.3 of PPA that, “the supplier and the procurers **may mutually agree** for commencement of supply of power in a **phased manner** from the **Revised Scheduled Delivery Date(s)** as specified in this Agreement.”
- It is not clear where these details are given in the PPA.
- It is also not clear what is the **meaning of the term “phased manner”?**

Revised Scheduled Delivery Date(s)

- Does it mean that the **supplier would agree to limit payment of capacity charges for supply of power to approved transmission capacity** by the CTU?
- If so, **what would be the Aggregate Contracted Capacity (ACC)?**
Would it be equal to Contracted Capacity?
- If so, **how the tariff would be determined by the CSERC?**
- What would happen to the **balance capacity of Power Station?**
- Who would bear the **stranded costs?**
- Would all these changes again require the **approval of concerned regulatory commissions**, i.e. TSERC and CSERC?
- These issues need clarification.

Revised Scheduled Delivery Date(s)

- The next question arises as to what would happen if CSPDCL does not agree to revise the Scheduled Delivery Date(s)?
- Does it not result in cancellation of approved transmission capacity by the CTU?
- What will happen to all the investment made by TSDISCOMS to evacuate power from the delivery point/interconnection point in anticipation of supply of power under this PPA?
- Would it be reimbursed by the CSPDCL?
- How these costs are determined and recovered?
- These issues need to be included in this PPA.

- The above are some of many questions that **need to be addressed in the current PPA itself** to avoid complications at later date.
- We request the Commission to direct TSDISCOMS to **incorporate and address all these concerns** in the PPA.

Prayer to the Commission

Prayer to the Commission

- It is clear from the above analysis that the PPA between CSPDCL and TSDISCOMS has many provisions that are detrimental to the interests of TSDISCOMS.
- This PPA is as open as a proforma, or a template, which can be filled unilaterally by the CSPDCL.
- This cannot be termed as an agreement, between two equal parties, under any circumstances.
- There are several ambiguities, uncertainties, missing links which need to be addressed first, before proceeding any further.
- The provisions of PPA are completely biased in favour of CSPDCL and against TSDISCOMS.

Prayer to the Commission

- We request the Hon'ble TSERC
 - To make suitable changes to the PPA to address all the concerns, and
 - direct TSDISCOMS to go for competitive bidding route for purchase of any power, if procurement from CSPDCL results in additional financial burden.

Thank you