

Sub: In the matter of applicability of order in respect of levying parallel operation charges (POC) in case of Tawa Hydro Electric Power Plant: clarification required thereof

ORDER

(Date of hearing: 11th December,2013)

(Date of order: 12th December,2013)

M/s HEG Ltd., - Petitioner
Mandideep (Near Bhopal),
Distt. Raisen

M.P. Power Transmission Co. Ltd., Jabalpur - Respondent

Shri K.N. Mathur, Advisor to the Company appeared on behalf of the petitioner.

Shri Aashish Bernard, Advocate, Shri G. Maheshwari, SE and Shri V. D'souza, EE appeared on behalf of the respondent.

2. The petitioner, M/s HEG Ltd. has filed this petition seeking clarification on the applicability of the order dated 31.12.2012 issued by the Commission for determination of parallel operation charges. The clarification is sought on whether the said order shall apply to its hydel project at Tawa.

3. The petitioner has stated that:

- (i) M/s HEG Ltd. is a company engaged inter alia in the manufacturing of graphite electrodes and has its manufacturing unit at Mandideep since May 1977. The Government of M.P. had permitted it to establish captive hydro electric power plant on Tawa Dam at Tawa Nagar in District Hoshangabad.
- (ii) The power generated at Tawa was permitted to wheel up to the place of its use at Mandideep through licensee's transmission system on payment of wheeling charges(in terms of units) & losses.
- (iii) The petitioner had entered into a fifteen years wheeling agreement with licensee, the currency of which expired on 29.11.2011. After the expiry of the wheeling agreement, the plant is being governed through Section 9 of the Electricity Act, 2003.
- (iv) The Commission had conducted a study for determination of parallel operation charges through ERDA. The recommendations and study report has been the basis of order dated 31.12.2012 for levy of parallel operation charges. The technical considerations to levy charges were as under:

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- (a) absorption of harmonics and negative phase sequence current
 - (b) improvement in power factor
 - (c) meeting fluctuations
 - (d) providing reactive power support
- (v) Out of the above, the electrical pollutant has been the major consideration for imposing parallel operation charges. The injection of such pollutant is feasible provided the CPP and bulk load have common point of interconnection. Such charges were not intended to be imposed where CPP is operating independently or away from load. Tawa Hydro Electric Power Plant is not directly connected to load and, therefore, it does not contribute to injecting pollutant into the system.
- (vi) In the letter dated 21.08.2012, the respondent had clearly admitted that no charges could be levied if grid does not provide any support to CPP or there is no drawl of power. Tawa Hydro Electric Power Plant has an identical situation and therefore parallel operation charges should not be levied on it.
- (vii) Tawa Hydro Electric Power Plant was not considered for study despite of its peculiar nature of operating conditions/parameters. The energy wheeled from Tawa gets adjusted against contract demand except for adjustment of wheeled energy and remaining charges are being paid as per tariff. The plant operates during irrigation period only and remains under shut down for a period of six months. Its base MVA varies with the depiction of reservoir level and ranges between 13.5 MW to 3.5 MW. The above project is also a small hydro power project and like wind power project, the parallel operation charges are not applicable to it.
- (viii) In its petition, the petitioner has prayed the Commission to clarify:
- (i) Whether order dated 31.12.2012 would be applicable on captive plant not having common point of interconnection between bulk load and generating unit like Tawa wherein the plant is located at distance and power is wheeled through open access.
 - (ii) Whether charges could be levied wherein base MVA changes with the passage of time and such type of plant which were not selected for study.
 - (iii) Whether charges could be levied for the duration when the generating unit was under shut down.

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4. The matter was heard on 11.12.2013. The written submission of the respondent had been brought on record prior to the date of hearing.

5. During the hearing, the petitioner, by and large, reiterated what has been stated in the petition. The petitioner's emphasis was primarily on the fact that the Tawa project catered to a captive load which was situated at a distance from the point of generation and, therefore, there was no common point of interconnection between the captive load and CPP. Petitioner's representative also raised the fact that the special nature of this project was not considered by ERDA in its study. According to the petitioner, the rationale for the imposition of parallel operation charges clearly did not apply to the Tawa project, and therefore, this issue needs clarifying by the Commission.

6. The Counsel for the respondent in his argument challenged the maintainability of this petition. His contention was that the petitioner seeking clarification is, in truth, a petition for review of the original order of the Commission dated 31.12.2012 for which the period of limitation has been long over. Counsel for the respondent highlighted the fact that the Commission had held public hearings before the order of 31.12.2012 in two stages. The first was when the ERDA report was published and comments were invited thereon. The second occasion was after the registration of the Suo-Motu Petition concerned. Counsel for the respondent underlined that the petitioner had participated in both these hearings and submitted written comments, too. Neither in its oral submissions nor in the written responses had the petitioner raised the issue of the peculiar nature of the Tawa project. Counsel for the respondent also brought to the notice of the Commission that a similar argument had been raised before the Chhattisgarh Electricity Regulatory Commission in the case involving the imposition of parallel operation charges and that Commission had rejected this argument. The point to note while considering whether parallel operation charges are leviable or not is that every generator does inject a set of pollutants into the grid and the transmission utility is entitled to compensation for maintaining the integrity of the grid. While it is true that the State or Central generating stations are not subject to a similar levy, the impact gets covered in the transmission charges that the licensees pay to the respondent. The Counsel for the respondent sought dismissal of the petition on these grounds.

7. Having heard both the parties and having considered carefully the written submissions made, the Commission is constrained to note that the present petition

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essentially seeks a review of the earlier order dated 31.12.2012, even though it has been presented in the garb of seeking clarification. The Commission also notes that the petitioner failed to raise the issues now agitated before the Commission during the two stage public hearings undertaken prior to the issue of the impugned order. This despite the fact that the petitioner had actively participated in the entire process. The Commission also would like to take note of the fact that the petitioner has a CPP and the order dated 31.12.2012 makes no distinction as among CPPs based on the location of the load. The Commission feels that adequate clarity is built into the order dated 31.12.2012 and no further initiative is required in this regard.

8. In view of the foregoing findings the petition is dismissed.

Ordered accordingly.

(Alok Gupta)
Member

(A.B.Bajpai)
Member

(Rakesh Sahni)
Chairman