

**MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION
BHOPAL**

Sub: In the matter of approval of PPAs executed between MP Power Management Co. Ltd., Jabalpur and MP Power Generating Co. Ltd., Jabalpur.

Petition No. 37/2012

ORDER

(Date of hearing: 29th October, 2013)

(Date of Order: 30th October, 2013)

- 1. M.P. Power Management Company Ltd., Jabalpur**
- 2. M.P. Paschim Kshetra Vidyut Vitaran Company Ltd, Indore**
- 3. M.P. Madhya Kshetra Vidyut Vitaran Company Ltd, Bhopal**
- 4. M.P. Poorv Kshetra Vidyut Vitaran Company Ltd, Jabalpur**

} **Petitioners**

V/s

M.P. Power Generating Co. Ltd., Jabalpur

Respondent

Shri Manoj Dubey, Advisor (Law) appeared on behalf of MP Power Management Co. Ltd, Jabalpur.

Shri A.K. Chakravorty, Additional CE (CS) and Ms. Parul Dangi, Law Officer, appeared on behalf of the Respondent (MP Power Generating Co. Ltd, Jabalpur)

Shri Anant Chaure, Law Officer appeared on behalf of M.P. Paschim Kshetra Vidyut Vitaran Company Ltd, Indore

The subject petition is in the matter of seeking approval of Power Purchase Agreements (PPAs) executed between MP Power Generating Co. Ltd. (MPPGCL), Jabalpur and MP Power Management Co. Ltd (MPPMCL). Jabalpur on long-term basis for Satpura Thermal Power Project Extn. Unit No. 10 & 11 and Shri Singaji Thermal Power Station, Stage-I & Stage-II.

2. Vide Commission's order dated 20th February, 2013, the parties were advised to resolve the issue related to provisions of Escrow in the PPAs so that formal approval of the PPAs may be granted. The Commission received no response in the matter for a long time. Therefore, the parties were asked to expedite the matter and the hearing was fixed on 17.09.2013.

3. During the hearing held on 17.09.2013, the Commission further observed that the issue relating to the provisions of Escrow under Clause 7.6.2 in PPAs remained unresolved and power from one of these stations has started flowing. Therefore, the petitioners and respondent were given one last opportunity to resolve the issue related to provisions of Escrow in the PPAs at the highest level before the next date of hearing.

4. During the hearing held today i.e. 29th October'2013, the Commission observed the following:

- (a) By affidavit dated 25th October, 2013, M.P. Power Management Company Ltd., Jabalpur (the

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petitioner) submitted the following:

“(i) To resolve the issue relating to provision of escrow (Clause 7.6.2 of the PPA) at the highest level, a meeting was convened between Respondent (MPPGCL) and Petitioner (MPPMCL) on 19.10.2013.

(ii) The matter of limiting escrow to secured obligations in respect of M/s SPL for their UMPP is still unresolved. Therefore, it was agreed in the meeting to amend the Escrow Clause 7.6.2 of the PPA by adding the following sentence at the end of the Clause 7.6.2; which has been approved by GoMP :-

“However, the said Escrow Account shall be established and the said Escrow Agreement shall be executed once the escrowable capacity of MPPMCL is established.”

(b) Vide letter No. 07-12/CS-MPPGCL/MPERC/1298 dated 25thOctober’2013, M.P. Power Generating Company Ltd., Jabalpur broadly submitted the following:

“Considering the petitioner’s issue of limiting escrow to “Secured Obligation” in respect of M/s. SPL for their UMPP is unresolved, it is submitted to amend the clause 7.6.2 relating to escrow account by adding the following sentence at the end of the clause in order to account for the inability of petitioner to provide escrow till matter with M/s. SPL is sorted out and petitioner’s escrowable capacity is established:-

“However, the said Escrow Account shall be established and the said Escrow Agreement shall be executed once the escrowable capacity of MPPMCL is established.”

It is humbly submitted to approve the PPA with the proposed amendment, the addendum to PPA shall be executed with the petitioner after obtaining the approval of the Hon’ble Commission.”

5. Considering the common request made by both parties in the matter, the Commission hereby accords approval to the Power Purchase Agreements filed by the petitioners in the subject petition subject to incorporation of the above-mentioned addendum to Clause 7.6.2 of the PPAs.

6. The petitioner is directed to file the copies of amended PPAs with the Commission at the earliest.

Ordered accordingly.

Sd/-

(Alok Gupta)
Member

Sd/-

(A.B.Bajpai)
Member

Sd/-

(Rakesh Sahni)
Chairman