



Madhya Pradesh Electricity Regulatory Commission

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Petition No. 10/2007

Sub : In the matter of approval for procurement of power on Long – Term basis from Developers / Generators for supply of minimum 20 MW and maximum 2000 MW of power - Tariff Based Bidding process for Procurement of Power on Long Term Basis - RFP submitted by MP Power Trading Company Ltd (MPPTC).

ORDER

Passed on this day September 26, 2007

Shri Rajesh Mehta, AGM appears on behalf of the petitioner M.P. Power Trading Company Limited (MPPTC)

2. MPPTC filed a petition before the Commission for approval of its "Request for Proposal" (RFP) document. This is in respect of procurement of power on Long – Term basis from Developers / Generators for supply of minimum 20 MW and maximum 2000 MW of power through Tariff Based Bidding process under competitive bidding guidelines of GoI (Case-1). As indicated in the guidelines, if the subject bid document is at variance with the provisions of the guidelines and from the standard bid document issued by the Ministry of Power, GoI, the approval from the appropriate Commission has to be sought. Accordingly, the petitioner filed the subject petition before the Commission for approval of its RFP document.

3. During the course of last hearing of 13/06/2007, the Commission directed the petitioner to submit the authorization from Distribution Companies of the State for carrying out the bidding processes on the Distribution Companies' behalf. The Commission further directed to establish the adequacy of the bidding process in light of the demand and availability of electricity in the State. The petitioner submitted the authorization letters from three Distribution Companies authorizing MPPTC to procure power on Distribution Companies' behalf.

4. On the basis of demand as projected by the Distribution Companies (average growth rate 5.79%) and demand as projected by the MoP during current five-year plan (growth rate 8%), the petitioner has made the following submissions.

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Demand with 5.7% Growth Rate	7956	8552	9002	9373	9878	10483	11126
Demand with 8% Growth Rate	7956	8593	9280	10023	10824	11690	12625

5. On the basis of the projections made by the Distribution Companies, the CAGR (Compounded Annual Growth Rate) has been obtained as 5.06%. With this growth rate the demand projections are as below:

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Demand with 5.06% CAGR	7848	8245	8663	9101	9562	10046	10555

6. With regard to the projections of availability of power the following projections have been filed before the Commission: -

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Net availability	5995	7084	7651	8267	9061	9630	11479

7. During the course of hearing today i.e. on 26/9/2007, the Commission asked the petitioner to explain the basis of making the demand projections, i.e. whether these projections have been made on unrestricted demand for 24 hours supply to all categories of consumers including the agricultural consumers or not. The representatives of the petitioner replied that these demand projections have been made considering 24 hours supply to all consumers but only 6-8 hours supply to agricultural consumers. The Commission has further enquired about availability projections i.e. whether the availability of thermal power plants has been taken as 85% or less and whether the petitioner has made the projections of availability by considering all the thermal power stations as base load plants (24 hours operations) and the hydro power stations on the basis of peak load plants i.e. 4 to 10 hours of operations. The Commission has directed the petitioner to rework the projections assuming that the minimum demand should be more than the thermal availability in the State.

8. In response, vide its submission dated 26/09/2007 the petitioner has stated that the power system of MP has recommended a mix of Thermal-Hydel capacity of 65% : 35% which provides better leverages of system control by backing down the Hydel stations during off peak hours without any adverse effect on generation of Thermal plants. It is further submitted that in the RFP document (Case 1) for procurement of 2000 MW of power, the type of power generation i.e. Thermal or Hydel is not specified. There is every likelihood of supplying 30-40% Hydel power by the prospective suppliers. Even without considering any Hydel from suppliers, the Thermal Hydel ratio is quite favourable to absorb load variations during peak / off peak loads.

9. The petitioner has submitted that as per the PPA the "Minimum Offtake Guarantee" by the procurer shall be 65% of the total contracted capacity and therefore, the procurer will not be required to pay extra charges / penalty, even if the procurement is upto 65 % of the contracted capacity. The loads on Thermal Power Stations can be reduced to about 60 % of the capacity without any adverse effect on the plant. The petitioner has further submitted that the success rate of commissioning of the thermal power plants has been envisaged as 75%. In view of the foregoing, the petitioner has submitted that it will be in a position to absorb the total power generated by Thermal power stations even during off peak period.

10 The Commission has heard the arguments put forth by the petitioner. The Commission in-principle agrees with the argument and information put-forth by the petitioner. It has in principle no objection on the subject RFP document (under Case 1) proposed to be issued by the petitioner subject to the condition that as and when final bids are received, the petitioner shall have to approach the Commission for approval of the final bid cost for purchase of power by Distribution Licenses or its representatives.

11. With the above directions, the Commission decides to close the petition.

Ordered Accordingly.

(R.Natarajan)
Member (Econ.)

(D.Roybardhan)
Member (Engg.)

(Dr. J.L. Bose)
Chairman