



Madhya Pradesh Electricity Regulatory Commission
5th Floor, Metro Plaza, Arera Colony, Bittan Market, Bhopal 462 016

Petition no. 51/2004

Madhya Pradesh Electricity Regulatory Commission : Bhopal

IN THE MATTER OF EXEMPTION FROM LICENSE FOR SALE OF POWER TO THIRD PARTY M/S NARMADA EXTRUSIONS LTD., INDORE FROM NON-CONVENTIONAL WIND ENERGY POWER PLANT BY THE PETITIONER UNDER SECTION 16 OF THE MPVSA, 2000.

M/s Kalani Industries, - Petitioner
Industrial Area No. 1
Pithampur, District Dhar

V/s

M.P.State Electricity Board - Respondent

**ORDER
(Passed on this day 24th August, 2004)**

Shri R.Saboo, Advocate and Shri A. Ghosh appears for the petitioner.

Shri C.K.Dixit, Additional S.E. appears for the Respondent Board.

2. The petition is in the matter of exemption from license for sale of power to third party M/s Narmada Extrusions Ltd., Indore from non-conventional wind energy power plant owned by the petitioner under Section 16 of the MPVSA, 2000.

3. The petitioner has installed and commissioned non-conventional energy generating unit of 1.84 MW (8x230 KW) with permission from Urja Vikas Nigam and MPSEB. The petitioner was selling power generated from WEG KIL No. 6 to M/s Hind Spinners Ltd., Dewas. But the purchaser had requested the petitioner to terminate the Power Purchase Agreement with effect from 15.2.2004. Thereafter, N/s Narmada Extrusion Ltd. approached the petitioner to purchase electricity generated from WEG No. KIL 06 vide letter dated 15.3.2004. Therefore, the petitioner requests the Commission to exempt from the requirement of license for supply of power with effect from 15.3.2004 onwards to M/s Narmada Extrusion Ltd. from WEG No. KIL 06.

4. The case was last heard on 13.7.2004 wherein the Commission passed an interim order in the above matter and directed the Board to pay for the power injected by the petitioner at the rate recently announced i.e. Rs.2.87 per unit and this may be treated as deemed sale from the date of the order of the Commission i.e. 13.7.2004. Commission also directed the petitioner to confirm whether they are willing to pay the wheeling charges that will be decided by the Commission alongwith the cross-subsidy surcharge. The Commission further directed the Board to give authentic reply on the next date of hearing and confirm the following:-

- i) What shall be the wheeling charges
- ii) On what principle would the wheeling charges be calculated
- iii) Technical feasibility regarding the route through which power will be supplied
- iv) Whether the Open Access for users of this magnitude (230 KW) can be provided as a general principle or not.
- v) Whether the Board has different view regarding non-conventional energy generators and other generators.
- vi) Whether the Board is ready to apply this principle to the whole State of Madhya Pradesh.

5. The respondent Board submits in its reply that Commission vide order dated 13.7.2004 directed that the power generated and injected by the petitioner in the Board's grid may be treated as deemed sale to the Board for which Respondent has to make payment at the rate of Rs.2.87 paise per unit. It is further stated by the respondent Board that as per incentive scheme declared by GoMP for power generated through non conventional energy sources will be purchased by MPSEB @ 2.25 per unit which is still in force for the agreement period executed by the petitioner. The petitioner executed the power purchase agreement with the Board for a period of 12 years i.e. upto June 2010. In accordance to agreement the rate of purchase of power is Rs. 2.25 per unit without any escalation during entire terms of agreement, therefore the respondent Board requested to the Commission not to alter the rate of power purchase and to allow the rate of 2.25 per units. Otherwise the Govt.of M.P. may be directed to pay for the additional burden of Rs. 0.62 per units.

6. Commission directs the petitioner to give an undertaking stating that they are willing to accept the wheeling charges that would be decided by the Commission and till then wheeling charges at the rate of 2% will be levied subject to subsidy of 4% provided by the State Government. The wheeled consumer M/s Narmada Extrusion Ltd. is directed to give an undertaking that they are willing to accept the cross subsidy surcharge that would be decided by the Commission and shall make the payment of cross subsidy surcharge from the date from which the petitioner sells power to M/s Narmada Extrusion Ltd.

7. Commission heard both the parties and having considered the facts and circumstance of the case, the Commission directs Board to submit a separate review petition to review the rate of purchase of Rs. 2.87 fixed by the Commission, if they are not agreeable with Commission's order dated 13.7.2004 on the plea that agreement being still inforce. It is observed by the Commission that M/s Narmada Extrusion Ltd. Approached the petitioner to purchase electricity w.e.f. 15-03-2004. Hence the order of the Commission dated 13-07-2004 is amended to the extent that period w.e.f. 15-03-2004 upto 09-06-2004 be treated as deemed sale to respondent Board at the pre-revised rate of 2.25per unit and from 10-06-2004 @ Rs. 2.87 per unit subject to any order to be passed by the Commission on subsequent review petition. The Commission also provisionally grants permission to the petitioner to sell power to M/s Narmada Extrusions Ltd. through Board's grid for 5 years at the existing rate of 2% wheeling charges to be paid by the petitioner till its revision by the Commission and 4% of wheeling charges to be borne by State Government. The order is subject to the following other conditions:-

- i) The petitioner and wheeled consumer M/s Narmada Extrusion Ltd. should submit an undertaking as aforesaid.
- ii) The technical and other commercial matters should be settled between the Board and the petitioner.

- iii) The petitioner shall comply with the provisions of the Madhya Pradesh Vidyut Sudhar Adhiniyam 2000, Electricity Act 2003 and the Regulation of the Commission.
- iv) The petitioner shall furnish to the Commission such information required for the purpose of the discharge of the functions of the Commission, as the Commission may require from time to time.
- v) The Commission shall be entitled to impose any other conditions as the Commission considers appropriate from time to time, including the terms of revocation or modification of the approval.
- Ordered accordingly.

Sd/-
(D. Roybardhan)
Member (Engg.)

Sd/-
(P.K. Mehrotra)
Chairman

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