

**JOINT ELECTRICITY REGULATORY COMMISSION
FOR THE STATE OF GOA AND UNION TERRITORIES
GURGAON**

Quorum

Shri M.K. Goel, Chairperson

Petition No. 243/2017

Date of Admission: 29.11.2017

Date of Hearing: 21.12.2017

Date of Order: 19.01.2018

In the matter of:

Petition for approval of Agreement for Procurement of Power by hiring a DG Power Plant to deliver 5 MW power continuously to 33 KV grid of the Electricity Department, Andaman & Nicobar Administration at Port Blair between the Electricity Department, Andaman & Nicobar Administration and M/s New Bharat Engineering Works, Navi Mumbai.

And in the matter of:

The Electricity Department,
Andaman & Nicobar Administration, Vidyut Bhavan,
PORT BLAIR – 744 101.

.... Petitioner

Vs.

M/s New Bharat Engineering Works,
No. D-30/9, TTC MIDC,
Navi Mumbai – 400705.

.... Respondent

Present

For the Petitioner

1. Shri U.K. Paul, Superintending Engineer, Electricity Department, A&N
2. Ms. Deepa Nair, Asstt. Engineer, Electricity Department, A&N

For the Respondent

None

ORDER

The Petitioner, Electricity Department of the Union Territory of Andaman & Nicobar Administration, has sought the Commission's approval of the Agreement for procurement of 5 MW power by hiring DG Sets to supply electric power round the clock at Port Blair from the lowest bidder, i.e. M/s New Bharat Engineering Works, Navi Mumbai at the rates submitted in the Petition.

The power requirement during the peak hours is approximately 40 MW and 36 MW during the summer and monsoon season respectively. The Petitioner submitted that the power requirement at Port Blair was met by 5 numbers of DG Sets and a Solar Plant.

The Petitioner further submitted that the existing DG Sets have already outlived their useful life and are breaking down frequently. The 11 KV Switchgears and Panels are also often failing and need long time for rectification of the fault. The power situation has further worsened after the major damage of MTU Engine (2.4 MW) on 03.09.2017. In addition M/s SPCL's two DG Sets are out of operation. The First Unit failed on 12.03.2012 which is stated to be beyond economic repairs and the second unit got damaged in the fire accident on 01.01.2016 which has also not been repaired. The remaining two running units are also highly unreliable as timely overhauling was not done by M/s SPCL.

The Petitioner further submitted that in order to improve the present power situation and to avoid unscheduled load shedding in the event of failure of any DG Set and to meet its obligation to supply power round the clock it intends to procure 5 MW power by hiring DG sets for a period of three years in lieu of the existing 5 MW HPP one Power Plant.

Accordingly, a tender notice for Procurement of Power by hiring DG Sets to supply the power round the clock to 33 KV grid to deliver 5 MW Power was issued on 17.03.2017 with due date on 27.04.2017 which was subsequently extended to 01.05.2017. The tender notice was published in various newspapers and was also uploaded on the A&N Administration website.

A pre bid meeting was held on 01.04.2017 in the Chamber of the Superintending Engineer after which some changes were incorporated in the existing clauses of the Tender documents. The Petitioner uploaded a Corrigendum on the e-procurement website i.e. <http://eproc.andaman.gov.in> and also gave publicity through The Publicity Officer (IP&T), The Chief Editor, The Daily Telegrams, Port Blair, The Director General of Commercial Intelligence and Statistics, Council House, Kolkata, and The Manager, Hindu (Chennai edition).

In response to the above said tender notice, the following five firms submitted their offer; and the technical bids were opened on the due date i.e. 01.05.2017:-

- i. M/s Tractor (I) Pvt. Ltd.
- ii. M/s Aggreko Energy Rental (I) Pvt. Ltd.
- iii. M/s Sudhir Ready Genset Consortium
- iv. M/s New Bharat Engineering Works.
- v. M/s Perennial Technologies Pvt. Ltd.

The bids were analyzed by the Technical Evaluation Committee and a comparative technical Statement was prepared. Out of the above stated five firms, only four firms were found technically qualified; and the bid of M/S Perennial Technologies Pvt. Ltd. was rejected.

The price bid of the technically qualified four firms was opened on 16.05.2017 at 1530 hours and M/s New Bharat Engineering Works, Navi Mumbai emerged as the lowest bidder. Details of the contracted supply and cost are provided in the table below:-

NAME OF THE FIRM	PERIOD	DESCRIPTION	TARIFF RATES
M/s New Bharat Engineering Works	03 years	Deliver 05 MW Power (Guaranteed minimum delivery of 2.92 MU Per month) at 33 KV round the clock basis inclusive of O&M charges, Lub, oil, taxes & duties etc. (excluding HSD required for running this plant which will be supplied by the Petitioner)	Fixed charges of Rs 1.05 per unit

The Andaman & Nicobar Administration conveyed the approval of the Hon'ble Lt. Governor, Andaman & Nicobar Island after vetting from the Finance & Law Department for acceptance of lowest rates quoted by M/s New Bharat Engineering Works, Navi Mumbai for supply of round the clock 5 MW power through DG sets at Port Blair.

The Petitioner further submitted that due to sudden closure of M/s SPCL on 20.07.2017 Andaman & Nicobar Administration was constrained to execute the agreement between the Electricity Department and M/s New Bharat Engineering Works, Navi Mumbai without obtaining approval of the Power Purchase Agreement by the Commission and the Power Purchase Agreement was executed on 27.09.2017 to avoid any further delay in commissioning of the DG Sets.

The Commission has considered the agreement executed between the Electricity Department, A&N Administration and M/s New Bharat Engineering Works, Navi Mumbai for hiring of DG sets to supply 5 MW power round the clock at Port Blair. It has also examined the relevant provisions of the Electricity Act, 2003 and Rules and Regulations made thereunder.

Section 63 of the Electricity Act, 2003 provides:

...63. Determination of tariff by bidding process – “Notwithstanding anything contained in section 62, the Appropriate Commission shall adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government.”.....

The Commission has noted that the tariff has been determined through a transparent process of bidding in accordance with the guidelines issued by the Central Government. In view of the above, the Commission accords its approval under Section 63 of the Electricity Act, 2003 to the Agreement executed between the Electricity Department, A&N Administration and M/s New Bharat Engineering Works, Navi Mumbai for hiring of DG Sets to supply 5 MW power round the clock at 33 KV at Port Blair at a rate of Rs 1.05/Unit for a period of three years.

The Commission has also noted that the Petitioner has executed the Power Purchase Agreement with M/s New Bharat Engineering Works, Navi Mumbai on 27.09.2017 without prior approval of the Commission, whereas under Section 63 of the Electricity Act, 2003 in case of determination of tariff by bidding process/approval of Power Purchase Agreement, the Petitioner should have obtained the approval of the Commission before execution of the Agreement. In view of the above, the Commission advises the Petitioner to adhere to the provisions of Section 63 of the Electricity Act, 2003 and the guidelines issued by the Central Government in the future.

The Commission further took a serious note that the Petitioner has filed the Petition for approval of the Power Purchase Agreement with M/s New Bharat Engineering Works, Navi Mumbai approximately after one and a half months from the date of execution of the Power Purchase Agreement. The Commission strongly feels that in such cases the Petition for approval of the Power Purchase Agreement should have been filed immediately after execution of the Power Purchase Agreement to avoid the unnecessary delay in obtaining the Commission's approval.

Ordered accordingly.

Sd/-
(M.K. GOEL)
CHAIRPERSON