

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

Coram
Dr. V.K. Garg, Chairperson
Shri S.K.Chaturvedi, Member
Petition No. 93/2013

In the matter of

Petition for approval of Power Purchase Agreement (PPA) between Electricity Department, Andaman & Nicobar Administration and NTPC Ltd.

And in the matter of

Electricity Department- Andaman & Nicobar Administration, Vidyut Bhawan, Port Bliar- 744101
.....Petitioner

Present

1. Shri U.K. Paul, Executive Engineer, ED- A&N
2. Shri K.G. Ravindran, AE, ED- A&N

Order

26.02.2013

1. ED- Andaman & Nicobar filed the present petition under sections 62 and 86 (1) (b) of the Electricity Act, 2003 for approval of Power Purchase Agreement (PPA) between Electricity Department, Andaman & Nicobar Administration and NTPC Limited. The facts of the petition as stated are as under:-

Quote

- "1. The Petitioner, The Electricity Department of Andaman & Nicobar Administration has been allowed to function as Distribution Utility for UT of Andaman & Nicobar. For supply to its customers, the petitioner sources from its own generating stations and a small quantum is purchased from other sources.*
- 2. Pursuant to the enactment of the Electricity Act, 2003, EDA&N is required to submit petition for approval of Power Purchase Agreements as per procedures outlined in sections 62 & 86(1) (b), of EA 2003, and the governing regulations thereof.*
- 3. ED A&N has submitted the petition for approval of Power Purchase Agreement with NTPC for supply of power from 5MW Solar PV Power Station in compliance with the regulations notified by the Joint Electricity Regulatory Commission.*
- 4. Electricity Department A&N prays to the Hon'ble Commission to admit the attached petition and would like to submit that:*

1.0 Presently generation of electricity in the Andaman & Nicobar Island is done primarily through diesel generating units. The cost of generation from such diesel based generating units is very high. Further these generating stations are not very clean and may affect the ecology of the A&N Islands.

2.0 In order to make a gradual shift to the green power, the Andaman & Nicobar Administration on 27th November, 2009 has signed a Memorandum of understanding (MoU) with NTPC for development of a 5 MW Solar PV based project in South Andaman and a 1 MW Solar PV based projects in Middle Andaman. A copy of the MOU entered between A&N Administration & NTPC is attached as Annexure – I.

3.0 For evacuation and sale of power from these projects will be as per the terms and conditions of the Appropriate Electricity Regularity Commission and entire power generated from the solar plants will be sold to Andaman & Nicobar Administration, after executing Power Purchase Agreement (PPA) with NTPC who have selected the developer through open competitive bidding.

4.0 As per the Electricity Act 2003, tariff of generating company owned or controlled by the Central Government is to be determined by the CERC, which has already notified Regulations specifying the terms and conditions of tariff from renewable energy sources which includes solar power also.

5.0 Further, Ministry of Power, Govt. of India vide its notification dated 15.09.2008 has designated that the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (hereinafter 'JERC') shall be the Appropriate Commission for the union Territory of Andaman & Nicobar Islands. Thus JERC, under section 86(b), has the power to regulate electricity purchase and procurement process of Electricity Department, Andaman & Nicobar Islands including the tariff at which electricity is to be procured from the generating companies through agreements for purchase of power for distribution and supply within the Area.

6.0 Further, Sub-Clause (3) of clause (17) of the Joint Electricity Regulatory Commission for the state of Goa and Union Territories (Terms and conditions for determination of Tariff), Regulations 2009 has specified as under:

"The cost of power purchased from the central generating companies shall be worked out based on the tariff determined by the Central Electricity Regulatory Commission (CERC)"

7.0 In view of the above, it is requested that the Hon'ble commission may kindly provide 'In-Principal' approval for purchase of power from Developer from its proposed solar power plants as per the terms and conditions of tariff specified by

the CERC. On getting the In-Principal approval from Hon'ble commission PPA shall be entered with the Developer selected through open competitive bidding for purchase of entire power from the proposed power plants as per the terms and conditions of power purchase agreement (PPA) and the tariff specified by the CERC.

In view of the afore said submission, the Hon'ble Commission may be please to:-

- Accord Approval for Purchase of Power from proposed Solar PV based power plants of NTPC Ltd. in Andaman & Nicobar Islands.
- Condone any inadvertent delay/ omissions/ errors/ shortcomings and Electricity Department A&N Administration may please be permitted to add/ change/ modify/ alter this filing and make further submission as may be required at a future date.
- Pass such further and other orders, as the Hon'ble Commission may deem fit and proper, keeping in view the facts and circumstances of the case".

Unquote

2. The petition was admitted on 05.02.2013. Notice of hearing of the petition was given to NTPC Ltd. for 26.02.2013. The Commission on 05.02.2013 passed the following order:

Quote

"The Commission heard the representatives of the petitioner at length. The Commission has also gone through the petition and PPA. The Commission during hearing found that the petition is not in line with the Electricity Act, 2003 and Regulations framed thereunder.

The representative of the petitioner submitted that they want to file an application for seeking amendment of the petition and prayed for three weeks time for filing the application with amended petition.

The Commission considered the request, acceded the same and directed the petitioner to file the application for amendment of the petition with amended petition on or before 26.02.2013.

Scheduled for hearing on 26.02.2013".

Unquote

3. The petitioner in compliance of the order dated 5.02.2013 filed amended petition. The representative of the petitioner prayed that the petition for approval of the PPA is not in line with the Electricity Act, 2003 and regulations framed there under, therefore, the petitioner be allowed to amend the petition.
4. The Commission heard representative of the petitioner and considered the request of representative of the petitioner. The Commission observed that as the petition for approval of

PPA is not in line with the Electricity Act, 2003 and regulations framed there under, therefore, in the interest of Justice and for proper adjudication of the petition the request of the representative of the petitioner is allowed. The amended petition is already filed.

5. The Commission heard the representative of the petitioner at length and has also gone through the petition as well as the PPA and accompanying documents carefully and thoroughly.
6. The Commission has also gone through the orders passed by Central Electricity Regulatory Commission dated 9.11.2011 in petition no. 256/2010, 27.03.2012 in petition no. 35/2012 and 25.10.2012 in petition no. 243/SM/2012. The Commission examined orders dated 09.11.2011, 27.03.2012 and 25.10.2012 of the CERC and observed as under:-

Ref CERC's order dated in petition number	Description of the relevant Clause	Total Levelised Tariff Rs/ Kwh for Solar PV	Benefit of Accelerated depreciation for Solar PC	Levelised Tariff in Rs/ kwh if Accelerated Depreciation benefit is availed
Dated 09.11.2011 in Petition No. 256/2010	Subject to the Condition that PPA for such Solar PV are signed before 31.03.2011 and the entire capacity is commissioned on or before 31.03.2012	17.91	(2.96)	14.95
	Solar power projects whose PPA is signed after 31 st March, 2011, Tariff determined for the year FY 2011-12 shall be applicable	15.39	(2.39)	12.94
Dated 27.03.2012 in petition no. 35/2012	Regulation 5 of the RE Regulation provides that the control period for determination of Tariff for RE Projects shall be of 5 years. The first year of the control period is from 2012-13.	10.39	(1.04)	9.35
Dated 25.10.2012 in petition no. 243/SM/2012	Regulation 5 of the RE Regulation provides that the control period for determination of Tariff for RE projects shall be of 5 years. The first year of the control period is from 2012-13.	8.75	(0.88)	7.87

7. From the orders dated 9.11.2011, 27.03.2012 and 25.10.2012 passed by CERC it is clear that if the PPA is signed by 31.03.2011 and the entire capacity is commissioned on or before 31.03.2012 levelised tariff in Rs/ kwh if accelerated depreciation benefit is availed shall be Rs. 14.95/- per unit and Solar power projects whose PPA is signed after 31st March, 2011, Tariff determined for the year FY 2011-12 shall be

applicable, Regulation 5 of the RE Regulation provides that the control period for determination of Tariff for RE Projects shall be of 5 years. The first year of the control period is from 2012-13 and levelised tariff in Rs/ kwh if accelerated depreciation benefit is availed shall be Rs. 9.35/-unit and Regulation 5 of the RE Regulation provides that the control period for determination of Tariff for RE projects shall be of 5 years. The first year of the control period is from 2012-13 and levelised tariff in Rs/ kwh if accelerated depreciation benefit is availed shall be Rs. 7.87/-unit.

8. Therefore, in the light of orders dated 9.11.2011, 27.03.2012 and 25.10.2013 passed by CERC the petitioner is directed to examine the tariff applicable to the petitioner claimed by NTPC and submit information in the form of affidavit that the proposed tariff is reasonable.
9. The Commission has already fixed public hearing on 18.03.2013 at Port Blair. The requisite information be submitted on or before 15.04.2013.

Scheduled for hearing on 17.04.2013 at 11:00 AM.

Sd/-
(S.K.Chaturvedi)
Member

Sd/-
(Dr. V.K. Garg)
Chairperson

Certified Copy


(R.K. Malik)

Secretary
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