

**BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION AT
GANDHINAGAR**

PETITION NO.....OF 2019

IN THE MATTER OF:

Petition under Section 86 (i)(b) seeking approval of Hon'ble Commission for Procurement of power on "As and When required basis" from 165 MW GIPCL Station - II for a period of 5 Years and approval of Power Purchase Agreement dated 29.03.2019

AND

IN THE MATTER OF:

Gujarat Urja Vikas Nigam Limited
Sardar Patel Vidyut Bhawan,
Race Course, Vadodara 390007
Gujarat

- Petitioner

Versus

Gujarat Industries Power Company Ltd.
P.O. Petrochemical
Vadodara - 391 346.

- Respondent

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For Gujarat Urja Vikas Nigam Ltd

Place - Vadodara

Date - 30/03/2019

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THE PETITIONER ABOVE NAMED MOST RESPECTFULLY SHOWETH:

1. The Petitioner, Gujarat Urja Vikas Nigam Limited (herein after referred to as 'GUVNL') is a Company incorporated under the provisions of the Companies Act, 1956 with registered office at Sardar Patel Vidyut Bhawan, Race Course, Vadodara (Gujarat). The Petitioner is engaged in the activities of bulk purchase and bulk supply of electricity and is a licensee for the said activities under the provisions of the Electricity Act, 2003.
2. The Respondent, Gujarat Industries Power Company Ltd. is also a Company incorporated in 1985 under the provisions of the Companies Act, 1956 and having its registered office at P.O. Petrochemicals,

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Vadodara. The Respondent is a generating company within the meaning of Section 2 (28) of the Electricity Act, 2003 and have installed a 165 MW Combined Cycle Power Plant (GT - 111 MW & STG 54 MW) Station -II at P.O. Petrochemicals, Vadodara .

3. Gujarat Urja Vikas Nigam Limited (GUVNL), the petitioner herein had entered into Power Purchase Agreement dated 1.08.1996 with M/s Gujarat Industries Power Company Ltd. (GIPCL) for procurement of power from their 165 MW Gas based Power Station No. 2 on cost plus basis. The validity of the PPA has expired on 31.07.2016 and accordingly there is no supply of power to GUVNL from the project.
4. GIPCL had time and again requested the Petitioner for extending the validity of the PPA and pursuant to the expiry of the Agreement, GIPCL has been requesting for exploring the possibility for revival of the power station considering the 10 year residual useful life of the plant.
5. GIPCL vide letter dated 3.10.2018 has proposed that considering the 10 year residual life of the plant, GUVNL may enter into a medium term PPA with GIPCL for procurement of 135 Max power from GIPCL Station - II subject to regulatory approval. GUVNL has examined the GIPCL's proposal and vide letter dated 27.11.2018 has agreed to off-take power from GIPCL Station II, conveyed the methodology, terms & conditions under the arrangement and sought GIPCL's consent to the same. Copies of GIPCL letter dated 3.10.2018 and GUVNL reply dated 27.11.2018 are attached hereto and marked as **Annexure A & B** respectively.
6. The methodology proposed by GUVNL under the power purchase arrangement and the Terms and Conditions are as under:

Methodology:

- a) GIPCL shall furnish rate (Rs/Kwh) of power supply to GUVNL on fortnightly basis considering cost of blending of APM & SPOT based on gas price plus 50 paise / unit towards O&M expense. Variable cost shall be worked out considering the parameters approved by GERC i.e. Gross Station Heat Rate - 2038 Kcal / Kwh and Auxiliary consumption @ 2.90% plus 50 paise / unit towards O&M expense.

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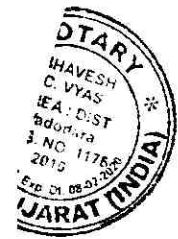


- b) GIPCL shall declare the availability of power to SLDC / GUVNL on "Day ahead Basis" before 10:30 hrs.
- c) GUVNL will consider the capacity declared by GIPCL only when the price discovery in Power Exchange (PX) / power from SPOT Gas / Bilateral arrangement including incidental charges upto GETCO periphery is more than the fortnightly rate conveyed by GIPCL (including GETCO STOA charges & SLDC charges).
- d) While placing bid in PX, GUVNL will reduce the quantum declared by GIPCL and only if GIPCL rate is lower than the price discovered in PX plus incidental charges i.e. CTU Drawl charges and losses, PX charges etc. for a particular scenario then power from GIPCL will be scheduled.
- e) In case of procuring SPOT RLNG based power from other gas based stations, only if the rate of power from such station is higher than GIPCL rate (including GETCO STOA charges & SLDC charges), GIPCL power will be scheduled.

Terms & Conditions:

- (1) Power off-take in range of 105 - 130 MW.
- (2) Arrangement for 5 years effective from date of signing.
- (3) GIPCL to convey rate on fortnightly basis which shall be considered for Merit Order purpose. Thereafter, no change in tariff will be allowed and GUVNL shall make payment maximum at this tariff only
- (4) GIPCL has to declare availability on day ahead basis before 10:30 am.
- (5) 105 - 130 MW Power will be scheduled on "As and when required basis" as under:
 - a) 6 - 10 hours in Combined Cycle in a calendar day.
 - b) More than 10 hours in Combined Cycle in a calendar day.

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While giving schedule, ramping rates approved by SLDC shall be considered

- (6) Power to be scheduled under Short Term Open Access (STOA) on "Day Ahead basis" for which GUVNL / SLDC will apply / pay STOA charges plus SLDC charges
- (7) No liability on GUVNL if power is not scheduled or towards "Take or Pay" charges for Gas non off-take under GIPCL's Fuel Supply Agreement. GUVNL will only pay for the energy scheduled and certified by SLDC at fortnightly rate conveyed by GIPCL.
- (8) Once power is scheduled, provisions of DSM, Grid management etc. will be applicable and settled by GIPCL.
- (9) GIPCL will raise monthly invoice considering energy certified by SLDC in provisional SEA subject to adjustment if any based on final SEA.
- (10) GUVNL shall make payment within 30 working days from date of receipt of invoice without availing any rebate. In case of delay in payment beyond 30 working days, a late payment surcharge @ 1.25% p.m. will be applicable for each day of delay.
- (11) GUVNL to issue End User Certificate to GIPCL regarding APM gas utilization equivalent to power scheduled under the arrangement from GIPCL Station - II.

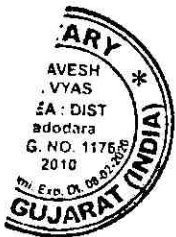


7. M/s GIPCL vide letter dated 7.12.2018 has requested GUVNL to (i) consider SHR @ 2472 Kcal / Kwh for 6 - 10 hours of operation and SHR @ 2370 Kcal / Kwh for duration of supply above 10 hours and (ii) consider only the Variable Charge + Fixed O&M charge for merit order dispatch. Copy of GIPCL letter dated 7.12.2018 is attached hereto and marked as Annexure - C.
8. In response, GUVNL vide letter dated 3.01.2019 has agreed to consider SHR @ 2472 Kcal / Kwh for 6 - 10 hours of operation and SHR @ 2370 Kcal / Kwh for duration of power supply above 10 hours for working out the variable cost under the arrangement from GIPCL station - II. Further, it is conveyed that since GUVNL is required to obtain STOA from SLDC / GETCO upon payment of applicable charges for evacuation of

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power under the proposed arrangement, for Merit Order purpose, GUVNL shall consider all the charges including STOA charges which are variable / dependent with reference to off-take of power for the purpose of Merit Order purpose. Copy of GUVNL letter dated 3.01.2019 is attached hereto and marked as Annexure D.

9. Subsequently, GIPCL through letter dated 4.01.2019 has conveyed acceptance of GUVNL's terms & conditions for supply of power on "As and When required basis". Copy of GIPCL letter dated 4.01.2019 is attached hereto and marked as Annexure - E.
10. The proposal for procurement of power from GIPCL Station - II was placed before Board of Directors of GUVNL for approval. The Board deliberated the matter and through B.R. No. 93.10 / 1492 dated 6.03.2019 of the 93rd Board Meeting accorded approval to the purchase of upto 130 MW power from GIPCL Station - II on "As and When required basis" for 5 years subject to approval from Gujarat Electricity Regulatory Commission. Copy of B.R. No. 93.10 / 1492 is attached hereto and marked as Annexure - F
11. Further it is submitted that Petitioner has tied up considerable quantum from Renewable Sources to meet the revised RPPO and the injection of infirm power from RE sources could lead to grid imbalance which need to be addressed by scheduling balancing power from hydro / gas based generation. The availability of hydro power being limited in Gujarat, it is imperative to have gas based generation to address the issue of grid stability. Moreover, this power shall be scheduled under Merit Order protocol on "As and When required basis" and will help in optimising power purchase cost in case of discovery of high price in Power Exchanges.
12. Moreover, the tie-up without any committed liability towards capacity charge and obligation towards gas off-take if any on GIPCL.
13. GIPCL has also indicated that based on the PPA, they will be able to pursue the fuel supplier for allocating additional APM gas for mixing purpose so as to reduce the generation cost. Moreover, since the power plant is located within the State and at times there are issues related to drawl of power through CTU network beyond permissible limits, the



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above tie up may help to mitigate the demand under such scenario and provide standing arrangement for availing power immediately.

14. A copy of Power Purchase Agreement signed by the Petitioner with M/s GIPCL which is subject to approval of Hon'ble GERC is placed as Annexure - G.
15. In view of the above, Hon'ble Commission is requested to kindly approve the procurement of power by GUVNL from their 165 MW Gas based Power Station II for 5 years on "As and when required basis" also approve the PPA dated 29.03.2019.
16. The Petitioner has paid the requisite court fees.

PRAYER

- A. It is prayed that Hon'ble Commission may approve the arrangement for procurement of upto 130 MW power by Petitioner from GIPCL Station - II on "As and When" required basis at the fortnightly rate conveyed by GIPCL without any liability towards "Take or Pay" charges for Gas non off-take under GIPCL's Fuel Supply Agreement.
- B. Hon'ble Commission may approve the annexed Power Purchase Agreement dated 29.03.2019 entered into by the Petitioner with M/s GIPCL for Procurement of power on "As and When required basis" from GIPCL Station - II for a period of 5 Years.
- C. Hon'ble Commission may pass any other order as deem fit.

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PETITIONER

Place: Vadodara

Dated: 30.03.2019

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Declaration

The Petitioner has not filed any other petition or proceedings before this Hon'ble Commission or any other Court or Forum in regard to the relief sought for in the present petition.

K. Phudotang
PETITIONER

Place: Vadodara

Dated: 30.03.2019.



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Gujarat Urja Vikas Nigam Limited

- Petitioner

Versus

Gujarat Industries Power Company Ltd.

- Respondent

AFFIDAVIT

I, Kripalsinn N. Chudasama son of Sh. Nitubha R. Chudasama aged about 32 years resident of Vadodara hereby solemnly affirm and state as under:

1. I am the Deputy Engineer of the Petitioner and I am fully conversant with the facts of the case and able to depose to the present affidavit.
2. I have gone through the contents of the accompanying petition and I say that the facts stated therein are based on the records of the Petitioner and believed by the deponent to be true.
3. The annexures to the petition are true copies of their originals.

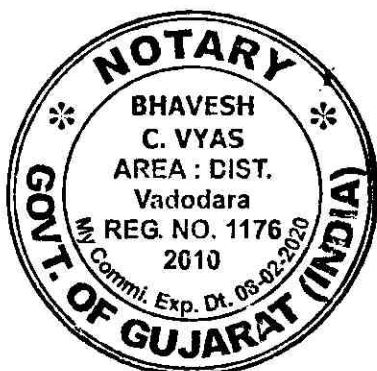
Kripalsinn N. Chudasama
DEPONENT

VERIFICATION:

I, the deponent above named do hereby verify that the contents of my above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

Verified at Vadodara on this 30th day of March 2019.

Kripalsinn N. Chudasama
DEPONENT



Solemnly Affirmed / Declared
Sworn Before me by *Kripalsinn N. Chudasama*
Bhavesh C. Vyas
BHAVESH C. VYAS
NOTARY (Govt. of Gujarat)
30.3.19