BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION
AT AHMEDABAD

Petition No.1047/2010

In the matter of:

In the matter of approval of PPA signed by Gujarat Urja Vikas Nigam Limited (GUVNL) with Gujarat Industries Power Company Limited (GIPCL).

Petitioner: Gujarat Urja Vikas Nigam Limited
Sardar Patel Vidyut Bhavan,
Race Course
Vadodara.

Respondent: Gujarat Industries Power Corporation Limited.
P.O.Petrochemical
Dist. Vadodara – 391346

CORAM:

Dr. P.K.Mishra, Chairman
Shri Pravinbhai Patel, Member (Tech)
Dr. M.K. Iyer, Member (Fin.)

ORAL ORDER

(1) The matter was kept for hearing on 07.12.2010. When the matter was called out, Smt. Shailaeja Vachhrajani and S/Shri S.S.Mistry and R.P.Soni were present on behalf of the petitioner. Shri P.N.Trivdedi and Shri S.P.Desai were present on behalf of the respondent at the time of hearing.

(2) Shri P.N.Trivedi, on behalf of the respondent (GIPCL) submitted that the word CERC written at various places of definitions, Articles and clauses of schedule in their PPA is required to be deleted as per order dated 1.12.2010. He submitted that the norms for financial parameters and technical parameters for 125 MW lignite based power projects have been stipulated by the CERC in their tariff regulations, but are not available in the GERC regulations. It is, therefore, proposed to adopt the norms for fixed cost charges and energy charges specifically for RoE, O & M charges, water charges, depreciation, Advance against Depreciation, Auxiliary consumption, Lime Stone consumption, SHR, etc as per the CERC norms. He requested GERC to revise the parameters, for the technology being adopted by GIPCL.

(3) He further submitted that as per the GERC norms, O &M cost is not specified for the period beyond 2008-09 in the Terms and Conditions of Tariff Regulations, 2005, while CERC norms allowed 24 Lakhs. RoE specified in GERC norms is 14%, while in CERC (2009-14), the tariff norms provides for 15.5 % RoE. He also submitted that various parameters are fixed by the CERC and with a detailed explanatory note. In the absence of any norms prescribed by GERC, it seems appropriate to take into consideration the norms prescribed by CERC. However, he requested to grant two weeks time to file detailed submissions for submitting deviations in the technical/financial parameters with necessary justification.

(4) Smt. Shaileja Vachhrajani, on behalf of the petitioner, submitted that, both the petitioner and the respondent agreed on various technical and financial parameters/norms of PPA after considering GERC and CERC Regulations and agreed to liberal norms in the interest of project. However, in case GERC decides to fix the new norms based on submissions made by the respondent as mentioned above, then the norms should be such that the parameters in the PPA already signed between both the parties should be treated as ceiling norms.

(5) We have carefully considered the submissions made by the parties. The Commission vide its oral order dated 1st December, 2010 directed the petitioner and respondent to amend the PPA and delete the term CERC in the PPA. The Commission further directed the respondent /petitioner to submit detailed justification for revised norms for the PPA in question. The Commission shall examine the new/required norms based on the merits of the case, whenever the petitioner approaches the Commission for deviation. It is further clarified that GERC Terms and conditions of Tariff Regulations, 2005 also allows revise norms, wherever the parameters are not specified, on proper justification. Section 61(a) of the EA, 2003 provides that the norms specified by the CERC for the tariff determination of the generating stations are to be a guiding factor for the SERC. As such, it is not mandatory for the SERC to adopt the CERC norms. SERCs are free to frame their own Regulations based on submission and justification in this regard.

(6) We further clarify that the petitioner will be required to submit the technical parameters regarding revision with detailed justification. Based on the above observations, the respondent is directed to submit the deviations in technical and financial parameters, for which they want liberal norms within two weeks with a copy to the petitioner. The petitioner is directed to file its reply, within one week on receipt of the submission made by the respondent.

(7) We order accordingly.

Sd/-	Sd/-	Sd/-
(Dr.P.K.MISHRA)	(PRAVINBHAI PATEL)	(Dr.M.K.IYER)
CHAIRMAN	MEMBER (TECH)	MEMBER (FIN)

Place: Ahmedabad

Date: 15/12/2010