

GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGAR

PRESS NOTE

Date: 27th April, 2020

Gujarat Urja Vikas Nigam Limited (GUVNL) has filed a petition for approval for amendments to the Power Purchase Agreement (PPA) executed with Essar Power Gujarat Limited (EPGL) on account of increase in the cost of imported coal due to change in pricing of coal by Indonesian Government Regulations. Since, the issue involved multiple stakeholders like Lenders, Financial Institutions, Procurers, Consumers and also it was as per GoI (MoP) Guidelines, the State Government in consultation with the Central Government constituted a High Power Committee (HPC) to recommend the appropriate actions to resolve this issue. The HPC has submitted its report and recommended that it is in the interest of all the stakeholders including Consumers and lenders that these projects continue to supply power and also recommended the terms and conditions for modification in the PPA. The related parties have to amend the PPA through mutual consent. The State Government through Government Resolution dated 01.12.2018 decided to implement recommendation of HPC with certain modification and asked the Petitioner - GUVNL to approach GERC for approval of mutually agreed amendments in PPA with EPGL.

This petition was registered in accordance with the Electricity Act, 2003 and subsequently directed the Petitioner (GUVNL) to issue public notices in newspapers for inviting comments / suggestions / objections from the interested stakeholders. The suggestions / objections were examined and number of hearings were held in this matter. Finally, after hearing all the stakeholders and examining their submissions and relevant records, the Commission issued the orders on this petition on 27.04.2020 and approved amendments by way of supplementary PPA with EPGL with certain modifications / conditions.

Some of the important highlights of the Commission's Order which will reduce the overall impact of tariff increase in the proposal of GUVNL, are as under:

- Capacity charges of the Generator is reduced by 20 Paisa per unit on the yearly quoted capacity charges.

- Energy charges shall now be based on FOB Coal as per HBA index with a ceiling of 90 US \$ and not 110 US \$. 10% tolerance over and above this index shall not to be allowed.
- Revised Energy Charges shall be applicable from the date when the Generator shall start directly importing Coal from Indonesia. Prior to this energy charges shall be as per the original PPA with applicable adjustment for change in law allowed if any.
- Ocean freight and Fuel handling charges as given in the Original PPA shall act as ceiling and these charges will be further reduced as per the formula as agreed in CGPL case.
- Other port handling charges @ 3% of FOB including transit losses are being disallowed.
- Station Heat Rate has been reduced from 2333 Kcal/kWh to 2262 Kcal/kWh so as to reduce consumption of coal to generate electricity.
- Incentive to Generator shall now be allowed over 90% availability instead of 85% as per the Original PPA.
- PPA can be extended for a term of further 10 years with the mutual agreement on the same in 5 years' terms with the approval of the Commission.

Sd/-
(Roopwant Singh, IAS)
Secretary
Gujarat Electricity Regulatory Commission
Gandhinagar