



दिल्ली ट्रांसको लिमिटेड DELHI TRANSCO LIMITED

पंजीकृत कार्यालय : शक्ति सदन, कोटला रोड, न्यू दिल्ली-110002

(Regd. Office Shakti Sadan, Kotla Road, New Delhi-110002)

Office of General Manager (SLDC)

33kV Grid Sub Station Building, Minto Road, New Delhi-110002

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No.F.DTL/207/2016-17/GM(SLDC)/ F-3/142

Date:17.02.2017

Head (PMG), BYPL
Head (PMG), BRPL
Head (PMG), TPDDL
Head, (SO), BRPL
Head (SO), BYPL
Head (SO), TPDDL
Director(Power), NDMC
Executive Engineer (SO),NDMC
GM (Comml.), PPCL
GM(Comml), Aravli Jhajjar
GM(Comml.), NTPC
GM(C&RA), DTL
Joint Director (Tariff), DERC
Dy. Secy.(Power), GNCTD
Dy. G.M. (SO), SLDC
Manager (EA), SLDC

MEETING NOTICE

Date : 23.02.2017 Time : 15.00 Hrs.

Venue : Conference Hall, SLDC Building,
33kV Grid S/Stn. Building, Minto Road, New Delhi 110002
To be Chaired by Executive Director (Planning), DTL

Sub: **Optimization of Power Purchase Cost**

Dear Sirs,

TPDDL vide its Letter No. TPDDL/PMG/2016 dated 1st February, 2017 has suggested various measures to optimize the Power Purchase Cost In Delhi. The copy of letter is enclosed for ready reference.

To discuss on the above issue, a Meeting is scheduled to be held in SLDC Conference Hall at Minto Road on 23rd February, 2017 at 3:00 PM .

All are requested to make it convenient to attend the meeting as per above schedule.

Thanking you.

Yours faithfully

Encl. As above

(V. Venugopal)
General Manager(SLDC)

Copy for favour of kind information to:

1. Secretary(Power), GNCTD
2. Chairperson, NDMC
3. Secretary, DERC
4. MD, DTL
5. Director(O), DTL
6. ED(Planning), DTL
7. CEO, BRPL
8. CEO, BYPL
9. CEO, TPDDL

Smt. Varsha Joshi, IAS

Secretary (Power)

Dept. of Power, Govt. of NCT Delhi,

8th Floor, B-Wing,

Delhi Secretariat, IP Estate,

New Delhi -110002

Subject: Measures to optimize the Power Purchase Cost in Delhi

Respected Madam,

This has reference to the above cited subject and TPDDL's continuous commitment towards providing reliable and sustainable power to our consumers in the most economical manner. In our endeavor to continue the same, we seek your support & intervention on certain critical issues that have been listed below:-

1) Reallocation of existing share from Aravali, Dadri Stage 1 and Dadri Stage 2 amongst the Delhi Discoms namely BRPL, TPDDL and BYPL

The GONCTD in the past through Ministry of Power has been able to get power from the above NTPC stations reallocated to Southern States and Bihar. However currently there are no takers of this power (being costly), and the original allocated share to Delhi Discoms is back since the past 2 years.

The present allocation to Delhi Discoms along with cost of power from NTPC's Aravali, Dadri - 1 & Dadri – 2 is summarized in table below:

Table. A

S.No	Station	Plant Capacity (MW)	Allocation TPDDL (MW)	Allocation BRPL (MW)	Allocation BYPL (MW)	Normative Fixed Cost (Rs./Unit)	Variable Cost (Rs./Unit)	Total Cost (Rs./Unit)
1	Dadri-1	840	192	368	71	0.87	3.23	4.10
2	Dadri 2	980	225	321	186	1.57	3.03	4.60
3	Aravali	1500	212	401	79	1.71	3.12	4.83
Total			629	1090	337			

Numerous issues are arising in scheduling of power based on the existing allocation as per Discom specific requirement, resulting in unnecessary increase in power purchase cost of Discoms. Forced scheduling of power has become a major issue as no Discom has majority/total control in any of the units of costly plants such as Dadri 1, Dadri 2 & Aravali Jhajjar. Also all the Discoms have substantial share in these stations with some Discoms requiring full share while the other requiring nil from the same plant at the same time. Some of the resultant drawbacks of the above allocation are as given below:-

- a) Forced scheduling of power results in increase in power purchase cost for the Discoms/ end consumers, due to sale of excess scheduled power at a lower rate in short term markets when the power is requested by the other Discoms and forcefully scheduled to non-consenting Discoms.

- b) On account of “a” above, merit order violation leading to backing down of low cost generating stations like Sasan, Singrauli, Rihand and Maithon.
- c) Threat of load shedding in areas of Discoms due to non-timely coordinated requests for scheduling of power from closed down units of these stations. Coordination issues with SLDC/NRLDC as consent of all Discoms is required by Delhi SLDC for closing down/revival of a unit.
- d) Requests for shutting down/Lighting up of units of certain stations are given but the same is not accepted by the other beneficiaries/ RLDC/SLDC due to conflicting/ Discom specific requirements.

We propose that the above allocation be changed by GONCTD in the ratio proposed allocation amongst Delhi Discoms as mentioned below. The same would result in approximate savings of Rs 250 to Rs 300 crores per annum for Delhi as a whole without affecting the individual Discom costs from these stations nor affecting the reliability of Delhi.

Table. B

S. No.	Name of Station	Existing Allocation			Proposed Allocation		
		TPDDL (MW)	BRPL (MW)	BYPL (MW)	TPDDL (MW)	BRPL (MW)	BYPL (MW)
1	Dadri 1	192	368	71	219	328	82
2	Dadri 2	225	321	186	51	558	122
3	Aravali Jhajjar	212	401	79	358	202	131
Total (MW)		629	1090	337	629	1090	337

The basis of arriving at proposed savings of Rs 250 to Rs 300 crores along with other benefits on account of the above reallocation is summarized point wise below while the regulations under which the GONCTD can make this affective are given at Annexure A

- a) TPDDL will get more share in Aravali Jhajjar and hence would be in a position to exercise better control in scheduling/Backing down of Aravali Jhajjar and will not be dependent upon the decision of BRPL to close down the unit of Aravali. TPDDL & BYPL would be in a position to take joint decision regarding scheduling of power from Aravali Jhajjar. The total allocation of both TPDDL and BYPL from Aravali Jhajjar has been reworked to be around 500 MW which means a decision to light up/close down one unit of Aravali Jhajjar which is also of 500 MW can be taken by TPDDL and BYPL.
- b) Like Aravali Jhajjar, TPDDL is also a joint beneficiary of CLP Jhajjar along with Haryana. Having more share in Aravali Jhajjar shall also enable TPDDL in ensuring better coordination with Haryana in terms of scheduling of power both from CLP Jhajjar and Aravali Jhajjar as both Haryana and TPDDL would be in a position to decide for off taking power from either Aravali Jhajjar or CLP Jhajjar based on merit order cost of these stations.
- c) BRPL will get more share in Dadri-2 and hence would be in a position to exercise better control in Scheduling/Backing down of Dadri-2 without having to take consent from TPDDL and BYPL. TPDDL and BYPL will get reduced forced scheduling from Dadri 2 as the total revised allocation to TPDDL and BYPL works to around 170 MW against earlier 410 MW. Moreover, unit of Dadri 2 being of 490 MW will have a minimum

technical limit of around 350 MW (at 70%). Hence this change in allocation would result in negligible forced scheduling.

- d) Issue of forced scheduling shall be resolved to a large extent and hence DISCOMS would be in a position to provide full schedule to cheaper stations. In recent past, Sasan has also highlighted the issue of less scheduling/Backing down of its units and such instances would get avoided specially in the coming winter season.
- e) Chances of frequent start/stop highlighted by NTPC vide its earlier letters shall get reduced for units of Dadri-1 & Dadri-2 leading to efficient and reliable plant operations.
- f) **The above would result in BRPL exercising majority control over Dadri Stage 2 units and TPDDL/BYPL be able to exercise control on the units of Aravali Jhajjar. *Savings on account of reduction in sale of surplus power are expected to be huge as we anticipate atleast a reduction in sale of 500 to 600 MUs on an annual basis (50 MW to 60 MW RTC on a daily basis) for one Discom. Each MU sold is at a loss of approximately Rs 2/- per unit. This means savings could be around Rs 100 to Rs 120 crores for one Discom alone which translates to approx. Rs 300 crores for Delhi as a whole.***

In view of the above mentioned benefits, we request your good self to consider the above and the revised allocation as requested may be done initially for 1 year on a pilot basis. Further decision on the same may be taken after completion of one year and after analyzing the benefits of the same. Further in the event of receipt of request from outside states/ MoP towards reallocation of Power from Aravali, Dadri 1 or Dadri 2 the original station wise allocation as per Table A should be considered so that total benefit on account of reallocation is not passed to any individual Discom but gets equally shared between all Discoms and also it does not result into total shortage for one Discom.

2) Surrender of Power from Tehri Pumped storage Plant (delayed project)

The Power Purchase Agreement in respect of Tehri Pumped Storage Plant was signed between DTL and THDC way back in 2006. Share of Delhi is 600 MW from Tehri PSP & TPDDL share is around 175 MW from Tehri PSP, which was reallocated to TPDDL vide DERC reassignment order dated 31st March 2007. The expected tariff based on the current available information considering all the other tariff components such as cost of input energy, transmission charges & Losses, conversion charges & losses, works out to be around Rs. 8.00 per unit. The same is on account of the huge delay in the commissioning of the said project and now anticipated to achieve its Commercial Operations from 2019 only.

TPDDL sought advice from Hon'ble DERC towards signing of the Transmission agreement for evacuation of power from Tehri Pumped Storage (Tehri PSP). Hon'ble DERC vide its letter no. F.3(471)/Tariff-Engg./DERC/2016-17/5437/2102 dated 11-Jan-2017 has given us the go ahead for surrendering our share of 175 MW from Tehri PSP. We have accordingly written to your goodself vide our letter number TPDDL/PMG/GONCTD/THDC/17012017 dated 17th Jan'2017 for taking up the matter of surrender of TPDDL share of 175 MW from the said plant for all times to come with the Ministry of Power. Vide this communication it is requested to pursue the same with MoP.

3) Reallocation of one block of Bawana Gas Station (685.6 MW)

GONCTD may kindly explore the possibility for reallocating One block of Bawana i.e. 685 MW [2 No. of Gas turbines and 1 No. of Steam Turbine] to other needy states.

- a. Currently allocation to Delhi from Bawana is 1096 MW
- b. The Reallocation will reduce the Delhi share to 411 MW, however there would be no shortage in Delhi as presently also the plant is only generating power upto 20% of its capacity on account of shortage of cheaper gas.
- c. The reallocation as above shall reduce the annual Fixed cost burden of Delhi by Rs. 541.8 Crores.
- d. Alternatively if there are no takers for Bawana in India, option to relocate/ sale the same may be explored to Gas abundant nations.

4) Badarpur Thermal Power Station (BTPS)

BTPS Installed Capacity details:

Unit	CAPACITY (MW)	COD	AGE AS ON 01.04.2016
1	95	26.07.1973	42 yrs. 08 months
2	95	05.08.1974	41 yrs. 07 months
3	95	29.03.1975	41 yrs.
4	210	02.12.1978	37 yrs. 03 months
5	210	25.12.1981	34 yrs. 03 months
Total	705		

Station	Plant Capacity	Annual Fixed cost (Rs. Cr.)	Normative Fixed Cost (Rs./Unit)	Variable Cost (Rs./Unit)	Total Cost (Rs./Unit)
BTPS	705	371	0.79	3.62	4.41

- a) BTPS has out lived its useful life and also study by Centre for Science and Environment confirms that BTPS is one of the country's most polluting and inefficient power plants.
- b) The total cost of Power from BTPS is Rs. 4.41/- per Unit whereas power in the market is available at less than Rs. 3/- per Unit
- c) Closure of BTPS would translate to annual Savings to Delhi of Rs 491 Crores (comprising of Fixed cost of Rs 371 crores and Variable cost of Rs 120 crores. (2x210 MW for 6 months at 60% availability at Rs. 3.60 /- per Unit and considering alternate power, if required being arranged at Rs 2.50/- per unit)
- d) TPDDL has also filed a petition in CERC for change in Station Heat Rate of BTPS from 2750 kCal/kWh to 2450 kCal/kWh whereas NTPC has filed petition in CERC towards claiming fixed charges for the closed 3*95 MW units as well on account of Change in Law. The petitions have been referred by CERC to Central Electricity Authority (CEA) for seeking the technical advise towards closing down or phasing out of the units of

BTPS, keeping in view the islanding scheme and grid requirement of NCT of Delhi in consultation with NRLDC and SLDC, Delhi.

We accordingly request your good self to help in expediting the same through CEA, NRLDC and Delhi SLDC.

Summary of the proposed savings on account of the above is mentioned in table below:

S.No.	Issue	Expected annual Savings in Rs Crores	Remarks
1	Internal allocation change of Dadri 1, Dadri 2 and Aravali amongst Delhi Discoms	Rs 300 crores	Savings on account of reduction in sale of surplus power (50 MW to 60 MW on RTC basis) at a loss of Rs 2/- per unit.
2	Surrender of Tehri Pumped Storage	Rs 2000 crores	Surrender of Tehri PSP. Delhi share of 600 MW ; running for 12 hours on a daily basis @ Rs 8/- per unit.
3	Bawana one block reallocation	Rs 500 crores	Fixed cost reduction
4	BTPS ; Immediate closure of 3*95 MW units followed by closure of 2*210 MW units by 2018.	Rs 370 crores	Fixed cost reduction
	Total Savings in Rs Crores & Rs/ Unit	Approx Rs 3,000 crores which translates to savings of Rs 1/- per unit , considering 30,000 MU's consumed in Delhi in a year.	

Looking forward to your support and cooperation on the issues mentioned above which have a direct impact on the power purchase costs and end consumer retail tariffs.

Thanking you,

Yours sincerely,

For **Tata Power Delhi Distribution Limited,**

Praveer Sinha

CEO & MD

Regulations permitting allocation change by GONCTD

Background

1. Tata Power Delhi Distribution Limited (‘TPDDL’) came into existence as a power distribution licensee after the reform package by the Government of National Capital Territory of Delhi (‘GoNCTD’) was implemented in July 2002.
2. On 28 June, 2006, GoNCTD issued policy directions under S.108 of the Electricity Act, 2003 (‘Electricity Act’) to make power supply arrangements from 1 April, 2007. As per these directions, the responsibility for arranging supply of power in the GoNCTD was to rest with the Discoms in accordance to the provisions of the Electricity Act and National Electricity Policy with effect from 1 April, 2007. The policy directions provided for assignment of the Power Purchase Agreements (‘PPAs’) amongst successor Discoms of Delhi Vidyut Board (‘DVB’) and New Delhi Municipal Council (‘NDMC’) and Military Engineer Services (‘MES’).
3. Vide its order dated 31 March, 2007, Delhi Electricity Regulatory Commission (‘DERC’) in terms of the directions of the State Government re-assigned all the existing PPAs with Delhi Transco Ltd (‘DTL’) to distribution licensees including TPDDL (erstwhile North Delhi Power Ltd. (‘NDPL’)). Thus, with effect from 1 April, 2007 each Discom was vested with the responsibility for arranging power for its respective distribution area.
4. While re-assigning the PPAs, DERC categorically stated that it is only the Government that is empowered to re-assign PPAs. Relevant part of the Order dated 31.03.2007 is extracted below:

“The Commission, however, is of the opinion that keeping in view the specific provisions of DERA 2000, Electricity Act 2003 and also the provisions of the National Tariff Policy issued by the Government of India, this task is mandated to be done by the State Government and should have been carried out by the Government of NCT of Delhi. The provisions of Section 108 of the Electricity Act 2003 cannot override any specific provision of the Act [i.e. Section 131 (4) of the Electricity Act 2003] to the contrary. However, the Commission took note of the communication dated 30th March 2007 issued under Order and in the name of the Lt. Governor of NCT of Delhi, and also keeping in view the fact that the process of reassignment has to be completed before the 1st of April 2007 decided to go ahead with the reassignment in the interest of all stakeholders in the power sector in Delhi. While doing so, the Commission is fully conscious of the fact that they are embarking on an area which, in the opinion of the Commission, is the sole responsibility of the Government.” (Emphasis Supplied)

5. Further, on 3 August, 2007, the GoNCTD once again by way of policy directives mandated the DERC to ensure that Discoms make their own arrangement for supply of power to meet Delhi’s demand and to ensure they tie-up with generating companies to meet future power needs.

I. Power of the Government to re-assign PPAs

6. TPDDL submits that the Government has the power / authority to resolve the aforementioned issues and come up with a viable solution.
7. As per provisions of the Electricity Act, in particular S. 131 (4) task of re-assignment of the PPAs / re-allocation of power has to be done by the GoNCTD. This is *pari materia* with the provisions of the Delhi Electricity Reform Act, 2000 (‘DERA’) wherein S.15(5) states that the process of re-assignment of PPAs has to be undertaken by the Government. Furthermore, para 8.4.2 of the Tariff Policy also envisages

assignment of PPAs to Discoms by the State Governments. Relevant provisions are extracted below:

S.131(4) Electricity Act:

(4) The State Government may, after consulting the Government company or company or companies being State Transmission Utility or generating company or transmission licensee or distribution licensee, referred to in sub-section (2) (hereinafter referred to as the transferor), require such transferor to draw up a transfer scheme to vest in a transferee being any other generating company or transmission licensee or distribution licensee, the property, interest in property, rights and liabilities which have been vested in the transferor under this section, and publish such scheme as statutory transfer scheme under this Act.

S.15(5) DERA:

The Government may require any transmitting or distributing company established under the provisions of sub-section (1) of section 14 (hereinafter referred to as "the transferor licensee") or any generating company to draw up a transfer scheme to vest in a further licensee or licensees (the "transferee licensee or licensees"), or any generating company, any property, interest in property, rights and liabilities which have been vested in the transferor licensee or generating company, as the case may be, under this section and publish the same in the official Gazette. The transfer scheme to be notified under this sub-section shall have the same effect as a transfer scheme under sub-section (2).

Para 8.4.2 of the Tariff Policy:

The National Electricity Policy states that existing PPAs with the generating companies would need to be suitably assigned to the successor distribution companies. The State Governments may make such assignments taking care of different load profiles of the distribution companies so that retail tariffs are uniform in the State for different categories of consumers. Thereafter the retail tariffs would reflect the relative efficiency of distribution companies in procuring power at competitive costs, controlling theft and reducing other distribution losses.

8. It is pertinent to mention that the DERC has also affirmed the above mentioned position i.e. the Government is mandated to re-assign PPAs vide its Order dated 31.03.2007. Relevant part of the Order dated 31.03.2007 is extracted below:

"...The Commission, however, is of the opinion that keeping in view the specific provisions of DERA 2000, Electricity Act 2003 and also the provisions of the National Tariff Policy issued by the Government of India, this task is mandated to be done by the State Government and should have been carried out by the Government of NCT of Delhi. The provisions of Section 108 of the Electricity Act 2003 cannot override any specific provision of the Act [i.e. Section 131 (4) of the Electricity Act 2003] to the contrary. However, the Commission took note of the communication dated 30th March 2007 issued under Order and in the name of the Lt. Governor of NCT of Delhi, and also keeping in view the fact that the process of reassignment has to be completed before the 1st of April 2007 decided to go ahead with the reassignment in the interest of all stakeholders in the power sector in Delhi. While doing so, the Commission is fully conscious of the fact that they are embarking on an area which, in the opinion of the Commission, is the sole responsibility of the Government..." (Para 13)