

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 09 of 2024

In the matter of:

Petition seeking prior approval of the Commission for Advance & Return Energy Banking to M/s Haryana Power Purchase Centre under an Energy Banking Agreement with Uttarakhand Power Corporation Ltd.

In the matter of:

Uttarakhand Power Corporation Ltd.

... Petitioner

AND

In the matter of:

M/s Haryana Power Purchase Centre

... Respondent

CORAM

Shri D.P. Gairola

Member (Law)-Chairman (I/c)

Shri M.L. Prasad

Member (Technical)

Date of Order: March 04, 2024

This Order relates to the Petition filed by Uttarakhand Power Corporation Ltd. (hereinafter referred to as "UPCL" or "Petitioner" or "Licensee") seeking approval of the draft Energy Banking Agreement (hereinafter referred to as "EBA") with M/s Haryana Power Purchase Centre (hereinafter referred to as "M/s HPPC" or "Respondent") for advance and return energy banking.

1. Petitioner's Submissions

- 1.1 The Licensee under Section 63 and 86(1)(b) of the Electricity Act, 2003 and in accordance with Regulation 81(1) and 82 of the UERC (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2021, filed a Petition dated 07.02.2024 seeking approval of the Commission for advance banking of 106.32 MU (under 'Firm Basis' arrangement) for the period from 20.12.2023 to 29.02.2024, which shall be returned back during the months of July, 2024 to September, 2024, under an Energy Banking Agreement to be executed with M/s HPPC.

- 1.2 UPCL submitted that as per the demand and availability projection for the upcoming months in the State, it will have an overall deficit of around 800 MW to 900 MW. UPCL submitted that to mitigate the deficit, it has given consent to the State based gas generators for the supply of 321 MW (maximum) for a period of December, 2023 to July, 2024, however, inspite of the above arrangement, UPCL is expected to have a short fall of approx. 300 MW to 600 MW RTC power in coming winter season, i.e. from November, 2023 to March, 2024.
- 1.3 UPCL submitted that it is putting its sincere effort to secure power at reasonable rates and, accordingly, has explored the option of reverse banking, i.e. UPCL will take power in advance in the month of November, 2023 to March, 2024 and return the same with some premium between July 2024 to September 2024 wherein UPCL always remain in power surplus position.
- 1.4 UPCL submitted that considering availability from different sources and for better utilization of power, the banking may be taken by UPCL as advance banking during the period from 21.11.2023 to 29.02.2023 and the intake power may be returned during the period from June, 2024 to September, 2024.
- 1.5 UPCL submitted that it floated a tender for the advance and return banking of power, and after the finalization of tendering process, and after taking in principle approval from the Commission, it placed the LoI to M/s Arunachal Pradesh Power Corporation Pvt. Ltd. UPCL submitted that after placing the LoI for the period November 2023 to February 2024 the leftover quantum as per proposed plan for banking is summarized in the Table below:

Month	RTC Quantum (MW)
November 2023	40 MW
December 2023	40 MW
January 2024	90 MW
February 2024	40 MW

The Petitioner further submitted that for the above leftover quantum, it e-mailed its required quantum to M/s HPPC vide email dt. 22.11.2023 and in reply to it M/s HPPC vide letter dt. 01.12.2023 placed its LoA in favour of UPCL for the following quantum.

Month	RTC Quantum (MW)	Return %	Return Period
December 2023	40 MW	105%	July 2024 to September 2024
January 2024	90 MW		
February 2024	40 MW		

- 1.6 The Petitioner submitted that after evaluation it sought in-principle approval from the Commission vide its letter dated 15.12.2023 and the Commission vide its letter dated 18.12.2023 accorded in-principle approval for the above banking arrangement. The Petitioner submitted that pursuant to the in-principle approval from the Commission, UPCL has placed LoI to M/s HPPC for the period and quantum as summarized in the below Table:

Month	RTC Quantum (MW)	Return %	Return Period
20 th Dec 2023 to 31 st Dec 2023	40 MW	105%	July 2024 to September 2024
1 st Jan 2024 to 31 st Jan 2024	90 MW		
1 st Feb 2024 to 29 th Feb 2024	40 MW		

- 1.7 The Petitioner submitted that in order to ensure consistent electricity supply to its consumers, best way to utilize the surplus power is to bank it and utilize it during the power deficit period. The Petitioner submitted that after evaluating the proposals, it has proposed to enter into an Energy Banking Agreement with M/s Haryana Power Purchase Centre.
- 1.8 The Petitioner further submitted that the Commission in its various Orders has laid down that banking of power will be the most cost-effective arrangement, and accordingly, UPCL will take power in advance in the month of December, 2023 to March, 2024 and return the same with some premium between July, 2024 to September, 2024. Moreover, if the said arrangement is not considered then the Petitioner will have to either procure power from the power exchange or to go for short term power procurement which may be an expensive proposition and may consequently & unnecessarily burden the consumers.
- 1.9 The Petitioner submitted that in view of the facts and circumstances mentioned above, the Commission may approve the draft Energy Banking Agreement and allow Advance & Return banking of energy with M/s Haryana Power Purchase Centre so that the necessary Energy Banking Agreement in this regard may be signed.
- 1.1 The copy of the Petition was forwarded to M/s HPPC for comments. In the matter, M/s HPPC vide its submission dated 22.02.2024 submitted that it agrees with the terms and conditions mentioned in the draft EBA and does not wish to make any further submission in the matter.

2. Commission's Views & Decisions

2.1 Legal Requirement for approval of PPA

- 2.1.1 A power banking agreement is a legal document incorporating operational, technical & commercial provisions to be complied in accordance with the relevant rules & regulations.

2.1.2 Regulation 81(1) of the UERC Tariff Regulations, 2021 provides that power purchase/banking/trading agreements as approved by the Commission shall be considered to determine the power purchase cost of the distribution licensee. Further, Section 86(1)(b) of the Electricity Act, 2003 stipulates that one of the functions of the Commission is to regulate electricity purchase and procurement process of the distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State.

2.1.3 Further, the Distribution and Retail Supply License issued by the Commission lays down certain conditions of license, which amongst others also has the following:

"5.1 The Licensee shall be entitled to:

(a) ...

(b) Purchase, import or otherwise acquire electricity from any generating company or any other person under Power Purchase Agreements or procurement process approved by the Commission;

..."

(Emphasis added)

2.1.4 Regulation 39 of UERC (Conduct of Business) Regulations, 2014 specifies as under:

"(1) The distribution licensee shall file with the Commission in complete form copies of all Power Purchase Agreements already entered into by it.

(2) The distribution licensee to establish to the satisfaction of the Commission that the purchase of power by it is under a transparent power purchase procurement process and is economical and the power is necessary to meet its service obligation.

(3) The Distribution licensee shall apply to the Commission for approval of the draft Power Purchase agreement that it proposes to enter into with the suppliers. The Commission may pass orders:

(a) Approving the agreement; or

(b) Approving the agreement with modifications proposed to the terms of the agreement; or

(c) Rejecting the agreement.

...."

2.1.5 The Commission in its Tariff Orders has been directing UPCL to bank the surplus energy

and withdraw the same during the peak period as it is the most cost-effective arrangement. The Petitioner considering the demand and availability projection for the winter months of FY 2023-24 in the State of Uttarakhand floated a tender for the advance and return banking of power.

Accordingly, in accordance with the requirement of the Act, Regulations and Orders passed by the Commission, UPCL is required to seek approval of the draft EBA proposed to be entered by it, from the Commission. In the matter, UPCL vide its letter dated 15.12.2023 had apprised the Commission about the power situation and its proposal to enter into an EBA with M/s HPPC and further requested the Commission to accord the in-principle approval for advance banking of power with M/s HPPC, and the Commission vide letter dated 18.12.2023 had accorded the in-principle approval for the Banking of Power.

2.2 Commission's Analysis of the PBA and Order on the same

- 2.2.1 The Draft Energy Banking Agreements is to be entered into between UPCL and M/s HPPC for supply of 106.32 MUs of power on firm basis from 20.12.2023 to 29.02.2024, which will be returned @ 105% during the months of July, 2024 to September, 2024 on the terms and conditions as described in the tender document.
- 2.2.2 The draft EBA submitted by UPCL has been examined in light of the relevant rules & regulations. The Commission observed that the Respondent has not raised any objections on the proposed draft energy banking agreement to be executed with the Petitioner.
- 2.2.3 The Commission observed that Para 1 of the draft EBA provides the day on which EBA is brought into effect. The place for dates has been left blank. The above-mentioned Para needs to be corrected and completed before signing the final EBA.
- 2.2.4 The other provisions of the draft EBA have been examined which are in accordance with the Regulations.
- 2.2.5 Ordered accordingly.

M.L. Prasad
Member (Technical)

(D.P. Gairola)
Member (Law)- Chairman (I/c)