

Before

## UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition Nos. 26, 27 & 28 of 2019

**In the matter of:**

Petition seeking approval of the Commission for advance and return banking of power with M/s GMR Energy Trading Ltd., M/s Arunachal Pradesh Power Corporation Pvt. Ltd. and M/s Kreate Energy (I) Pvt. Ltd. under an energy banking arrangement with Uttarakhand Power Corporation Ltd.

**In the matter of:**

Uttarakhand Power Corporation Ltd. ... Petitioner

AND

**In the matter of:**

M/s GMR Energy Trading Ltd.  
M/s Arunachal Pradesh Power Corporation Pvt. Ltd.  
M/s Kreate Energy (I) (P) Ltd. ... Respondents

CORAM

**Shri D.P. Gairola** Member (Law)

**Shri M.K.Jain** Member (Technical)

**Date of Order: August 19, 2019**

This Order relates to the Petition filed by Uttarakhand Power Corporation Ltd. (hereinafter referred to as "UPCL" or "Petitioner" or "Licensee") seeking approval of Draft Power Banking Agreement (PBA) to be executed by it with M/s GMR Energy Trading Ltd. (hereinafter referred to as "GMRETL"), M/s Arunachal Pradesh Power Corporation Pvt. Ltd. (hereinafter referred to as "APPCPL") and M/s Kreate Energy(I) Pvt. Ltd. (hereinafter referred to as "KEPL") under a banking arrangement.

## 1. Petitioner's Submissions

- 1.1. UPCL had filed the Petitions under Regulations 81(1) and 82 of UERC Tariff Regulations, 2018 read with Section 86(1)(b) of the Electricity Act, 2003 seeking approval of the Commission on the draft banking agreements for advance banking of the surplus power equivalent to 679.20 MUs on firm basis and upto 367.20 MUs on "as and when" basis, from the months of May 2019 to September 2019 which will be received back during the months of October 2019 to March 2020.
- 1.2. The Petitioner submitted that the Commission in its tariff order for FY 2019-20 had directed it to bank the surplus energy during the month of May 2019 to September 2019 and withdraw the same in the month of October 2019 to March 2020.
- 1.3. The Petitioner invited the tender for the same in which 3 bidders participated namely M/s GMR Energy Pvt. Ltd., M/s Arunachal Pradesh Power Corporation Pvt. Ltd. and M/s Kreate Energy (I) Pvt. Limited (Formerly known as M/s Mittal Processors (P) Ltd.). The Petitioner further submitted that after the detailed consideration on the various offers received, UPCL sought in-principle approval of the Commission for banking of power vide letter no. 922/UPCL/Com/Banking/MD dated 27-03-2019, and after getting in-principal approval from the Commission vide its letter no. UERC/6/TF-25/2019-20/2019/107 dated 16-04-2019, LoIs were issued to the 3 bidder namely M/s GMR Energy Pvt. Ltd., M/s Kreate Energy (I) Pvt. Limited and M/s Arunachal Pradesh Power Corporation Pvt. Ltd. for month-wise Energy Banking on "Firm Basis" and for "As and When Basis" based on return percentage and quantum of power.
- 1.4. The Petitioner further submitted that banking for Sundays, holidays, festivals and night power could not be materialized as the bidders have quoted very low return percentage which was not beneficial for the Petitioner. The detailed comparison sheet & LoIs placed to respective bidders is as summarized below:

**Supply of Power by UPCL to M/s GMRETL (Advance Banking)**

Month	Mode "Firm basis"				Mode " As & when basis"				Delivery Point
	Quantum of power to be supplied by UPCL(MW)	Power supplied to	% Return	Trading Margin* (Paise/kWh)	Quantum of power to be supplied by UPCL (MW)	Power supplied to	% Return	Trading Margin* (Paise/KWh)	
01-05-2019 to 31-05-2019	-	-	-	-	Upto 100	GKEL	RTC 195 (H4)	3.45	Northern Regional Periphery
01-06 2019 to 30-06-2019	-	-	-	-	Upto100	GKEL	RTC 105 (H4)	3.45	
01-07 2019 to 31-07-2019	25	GKEL	105	1.00	Upto100	GKEL	RTC 105 (H2)	3.45	
01-08 2019 to 31-08-2019	-	-	-	-	Upto100	GKEL	RTC 105 (H3)	3.45	
01-09 2019 to 30-09-2019	100	GKEL	108	3.45	Upto100	GKEL	RTC 105 (H4)	3.45	

**Supply of Power by M/s GMRETL to UPCL (Return Banking)**

Mode "Firm basis"			Mode " As & when basis"			Delivery Point
Month	Name of source/ utility	Quantum of power to be supplied to UPCL on RTC basis (MW)	Month	Quantum of power to be supplied to UPCL on RTC basis (MW)	Name of source/ utility	
01-12-2019 to 31-12-2019	GKEL	74	01 Oct 2019 to 31 Mar 2020	*Upto 100	GKEL	Northern Regional Periphery
01-01-2020 to 31-01-2020	GKEL	56				

**Supply of Power by UPCL to M/s APPCPL(Advance Banking)**

Month	Mode "Firm basis"				Mode "As & when basis"				Delivery Point
	Quantum of power to be supplied by UPCL(MW)	Power supplied to	% Return	Trading Margin* (Paise/kWh)	Quantum of power to be supplied by UPCL (MW)	Power supplied to	% Return	Trading Margin* (Paise/kWh)	
01-05-2019 to 31-05-2019	75	IPCL	114.00	(-) 0.36	Upto100	IPCL	RTC 105 (H3)	0.81	Northern Regional Periphery
	125	GRIDCO	119.10	17.61	Upto100	CESC	RTC 107 (H1)	(-) 3.49	
					Upto100	OTHER	RTC 105 (H6)	4.00	
01-06 2019 to 30-06-2019	100	GRIDCO	120.51	17.99	Upto100	IPCL	RTC 105 (H3)	0.81	Northern Regional Periphery
	100	GRIDCO	120.14	17.02	Upto100	CESC	RTC 107 (H1)	(-) 3.04	
					Upto100	OTHER	RTC 105 (H6)	4.00	
01-07 2019 to 31-07-2019	75	IPCL	105	(-) 0.30	Upto100	IPCL	RTC 105 (H1)	0.81	
					Upto100	OTHER	RTC 105 (H5)	4.00	
01-08-2019 to 31-08-2019	75	IPCL	105	(-) 0.30	Upto100	IPCL	RTC 105 (H2)	0.81	
					Upto100	OTHER	RTC 105 (H5)	4.00	
01-09 2019 to 30-09-2019	-	-	-	-	Upto100	IPCL	RTC 108 (H1)	1.00	
					Upto100	IPCL	RTC 105 (H3)	0.00	
					Upto100	OTHER	RTC 105 (H6)	4.00	

**Supply of Power by M/s APPCPL to UPCL (Return Banking)**

Mode "Firm basis"			Mode "As & when basis"			Delivery Point
Month	Name of source/ utility	Quantum of power to be supplied to UPCL on RTC basis (MW)	Month	Quantum of power to be supplied to UPCL on RTC basis (MW)	Name of source/ utility	
01-11-2019 to 30-11-2019	GRIDCO	95	01 <sup>st</sup> Oct 2019 to 31 <sup>st</sup> Mar 2020	*Upto 100	IPCL	Northern Regional Periphery
	IPCL	0				
01-12-2019 to 31-12-2019	GRIDCO	85		*Upto 100	CESC	
	IPCL	54				
01-01-2020 to 31-01-2020	GRIDCO	139		*Upto 100	OTHERS	
	IPCL	94				
01-02-2020 to 29-02-2020	GRIDCO	70				
	IPCL	52				
01-03-2020 to 31-03-2020	GRIDCO	0				
	IPCL	47				

**Supply of Power by UPCL to M/s KEIPL (Advance Banking)**

Month	Mode "Firm basis"				Mode "As & when basis"				Delivery Point
	Quantum of power to be supplied by UPCL(MW)	Power supplied to	% Return	Trading Margin* (Paise/kWh)	Quantum of power to be supplied by UPCL (MW)	Power supplied to	% Return	Trading Margin* (Paise/kWh)	
01-05-2019 to 31-05-2019	-	-	-	-	Upto 100	PSPCL	RTC 106 (H5)	7.00	Northern Regional Periphery
						IPCL	RTC 105 (H6)	4.00	
						CESC	RTC 107 (H2)	0.00	
01-06-2019 to 30-06-2019	75	PSPCL	116	7.00	Upto100	PSPCL	RTC 106 (H5)	7.00	
					Upto100	IPCL	RTC 105 (H6)	4.00	
					Upto100	CESC	RTC 107 (H2)	0.00	
01-07-2019 to 31-07-2019	-	-	-	-	Upto100	PSPCL	RTC 106 (H4)	7.00	
					Upto100	IPCL	RTC 105 (H5)	4.00	
					Upto100	HPPC	RTC 104 (H3)	0.00	
01-08-2019 to 31-08-2019	175	HPPC	105	0.00	Upto100	PSPCL	RTC 106 (H4)	7.00	
					Upto100	IPCL	RTC 105 (H5)	4.00	
					Upto100	HPPC	RTC 105 (H1)	0.00	
01-09-2019 to 30-09-2019	-	-	-	-	Upto100	PSPCL	RTC 106 (H5)	7.00	
					Upto100	IPCL	RTC 105 (H6)	4.00	
					Upto100	HPPC	RTC 106 (H2)	0.00	

**Supply of Power by M/s KEIPL to UPCL (Return Banking)**

Mode "Firm basis"			Mode "As & when basis"			Delivery Point
Month	Name of source/ utility	Quantum of power to be supplied to UPCL on RTC basis (MW)	Month	Quantum of power to be supplied to UPCL on RTC basis (MW)	Name of source/ utility	
01-11-2019 to 30-11-2019	PSPCL	0	01 Oct 2019 to 31 Mar 2020	*Upto 100	PSPCL	Northern Regional Periphery
	HPPC	47		*Upto 100	IPCL	
01-12-2019 to 31-12-2019	PSPCL	0		*Upto 100	CESC	
	HPPC	47		*Upto 100	HPPC	
01-01-2020 to 31-01-2020	PSPCL	0				
	HPPC	47				
01-02-2020 to 29-02-2020	PSPCL	43				
	HPPC	47				
01-03-2020 to 31-03-2020	PSPCL	44				
	HPPC	0				

*\*Note: The return of 'As & When Available Basis' Energy Banking will be taken on RTC Basis during the period from Oct 2019 to March 2020 as per mutual consents of both the parties i.e. UPCL and M/s GMRETL / M/s APPCPL / M/s KEIPL based on the return percentage quoted in bidding process.*

1.5. The Petitioner submitted that in order to ensure consistent electricity supply to its consumers, the best way to utilize the surplus power is to bank it and utilize it during power deficit period. The Petitioner after evaluating the proposals has proposed to enter

into an Energy Banking Agreement with M/s GMRETL, M/s APPCPL and M/s KEIPL for quantum of power, mode, percentage return, trading margin etc. as discussed above.

- 1.6. The Petitioner also submitted that actual and final quantum of power to be banked with aforesaid bidders will be known after the month of September 2019 and the bidders are required to return energy (in MU) to UPCL based on the return percentage quoted by them during the period from October 2019 to March 2020. Such clause has already been incorporated in the draft Energy Banking Agreement. The banking of power will be the most cost-effective arrangement, i.e. advance banking of power for the utilizing of surplus power and further the same power will be taken back during deficit period. The Petitioner has planned to take back banked power from October 2019 to March 2020 when it is deficit in power. Moreover, if the said arrangement is not considered then the Petitioner will have to either procure power from the power exchange or have to resort to short term power procurement which may be an expensive proposition and may consequently & unnecessarily burden the consumers.

## **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, 2018 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 function 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. The Commission vide its Tariff Order dated 27.02.2019 directed the Petitioner to bank the surplus energy during the month of April, 2019 to September, 2019 and withdraw

the same in the month of October, 2019 to March, 2020. The relevant extract of the said Tariff Order is as follows:

*“The Commission directs the Petitioner to bank the surplus energy available during the months of April 2019 to September 2019 and withdraw the same in the months of October 2019 to March 2020.”*

2.1.4. Accordingly, in accordance with the requirement of the Act, Regulations and Order referred above, UPCL is required to seek approval of the draft Power Banking Agreement proposed to be entered by it from the Commission.

## **2.2. Commission’s Analysis of the PBA and Order on the same**

2.2.1. The draft Power Banking Agreements is to be entered into between UPCL and M/s GMR Energy Pvt. Ltd., M/s Kreate Energy (I) Pvt. Limited, and M/s Arunachal Pradesh Power Corporation Pvt. Ltd. for supply of 679.20 MUs on firm basis and upto 367.20 MUs on “as and when” basis, from the months of May 2019 to September 2019 which will be received back during the months of October 2019 to March 2020 on the terms and conditions as discussed before.

2.2.2. The draft PBA submitted by UPCL has been examined in light of the relevant rules & regulations. The Commission observed that the draft PBA submitted by UPCL are consistent with the provisions of the Act/Regulations, however, UPCL should ensure that blank for dates are duly filled and completed while signing the final PBA.

2.2.3. Further, M/s GMRETL in its comment submitted that there are certain typographical spelling mistake in the draft Energy Banking Agreement submitted by UPCL. M/s GMRETL further submitted that apart from the same registered office address of M/s GMRETL should be mentioned as “25/1, Skip House, Museum Road, Bangalore-560 025 Karnataka” in the first paragraph of draft agreement, and the name and contact details of contact person of M/s GMRETL at clause 11.0 of the draft agreement be updated as “Mr. Arshad Moin, Mobile: +919811480081, Facsimile No. 011-49883331, E-mail: Arshad.Moin@gmrgroup.in”. UPCL is directed to make necessary amendment to this regard in the draft PPA and ensure that the typographical errors in all the three draft agreements is corrected before signing of the same.

2.2.4. UPCL is directed to make the necessary changes in the draft PPA and submit the final

signed PPA within 2 weeks of the date of Order.

3. Ordered accordingly.

**(M.K. Jain)**  
**Member (Technical)**

**(D.P. Gairola)**  
**Member (Law)**