



Petition No. 1620 of 2020

BEFORE

THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

PRESENT:

1. Hon'ble Sh. Raj Pratap Singh, Chairman
2. Hon'ble Sh. Kaushal Kishore Sharma, Member
3. Hon'ble Sh. Vinod Kumar Srivastava, Member (Law)

IN THE MATTER OF: Petition under Section 86(1)(b) read with Section 86(1)(f) of the Electricity Act, 2003 for direction to UPPCL to expedite the Bidding Process and in the meantime allow the Petitioner to inject / supply surplus power to the grid from their slop plus Bagasse Based Co-generation Plant till the PPA with the Petitioner is Signed.

M/s Avadh Sugar & Energy Ltd., Hargaon Unit Distillery, District - Sitapur

----- Petitioner

1. M/s UP Power Corporation Ltd. (through its Managing Director), Shakti Bhawan Extn., 14 - Ashok Marg, Lucknow
2. M/s UP Power Corporation Ltd. (through its Chief Engineer PPA-R), Shakti Bhawan Extn., 14 - Ashok Marg, Lucknow
3. M/s Madhyanchal Vidyut Vitran Nigam Ltd., (through its Managing Director), 4A, Gokhale Marg, Lucknow

----- Respondents

Following were present:

1. Sh. Deepak Raizada, PPA-RE, UPPCL
2. Sh. Mahesh Agarwal
3. Sh. Tanay Chaudhari
4. Sh. Altaf Mansoor, Advocate, M/s Avadh Sugar & Energy Limited



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ORDER
(Date of Hearing 10.11.2020)

1. The instant Petition is filed by M/s Avadh Sugar & Energy Ltd., Hargaon Unit Distillery, District – Sitapur. The prayers of the Petitioner are as below: -

- a. Issue directions to the respondents to expedite the bidding process so initiated in respect to purchase of power from the Slop based cogeneration power plant.
- b. Issue appropriate directions permitting the petitioner to inject / supply surplus power to the grid from its 8MW Slop plus Bagasse based cogeneration power plant provisionally till the PPA of the petitioner with respondent are signed after completion of the bidding process and adoption of tariff.
- c. Issue appropriate directions to the respondents to permit the petitioner to evacuate power from its Slop plus Bagasse base cogeneration power plant up to the extent of 3.5 MW provisionally at the tariff arrived at during the bidding process and to enter into 10 years long term PPA with respect to Slop plus Bagasse based cogeneration power plant.

2. During the hearing, Sh. Altaf Mansoor, Counsel of the Petitioner submitted as follows: -

- a. The Distillery of the Petitioner company utilizes Molasses produced from the sugar mill for manufacture of industrial Ethyl Alcohol. Accordingly, the bi-product of the Distillery is slop (spent wash). The Central Pollution Control Board in its order dated 10.11.2011 had issued directions for ensuring zero effluent discharge to setup Slop and Bagasse (mixed fuel) based power projects by installing plants and equipments. The Petitioner as per the direction of the Central Pollution Control Board was required to achieve zero effluent discharge with latest Incineration Boiler Technology.





- b. A Petition bearing No. 1416 of 2019 was filed by UPPCL seeking consent from the Commission to enter into PPA with six Slops based cogeneration power plants viz. M/s Avadh Sugar & Energy Limited, Unit Seohara, Distt. Bijnor (2MW) (Petitioner), M/s Avadh Sugar & Energy Limited, Unit Hargaon, Distt. Sitapur (3.5MW) M/s Dalmia Bharat Sugar & Indus. Ltd, Village Jawaharpur, PO-Ramkot, Sitapur (2MW), M/s Triveni Engineering & Indus. Ltd. Vikkivilaspur, Muzaffarnagar (3MW), M/s Triveni Engineering & Indus. Ltd. Sabitgarh, Khurja, Bulandshahar (3.5MW) & M/s DSCL Sugar Indus.Ltd. Ajbapur, Lakhimpurkheri (4MW) for purchase of power through cogenerating power plant based on Spent wash plus Bagasse at the mutually agreed rate of Rs. 2.899 per unit for a period of 10 years.
- c. In pursuance to the aforesaid Petition No. 1416 of 2019 filed by UPPCL, hearing had taken place on 18.04.2019 and the Commission vide its Order dated 30.04.2019 had directed UPPCL to adopt the competitive bidding process as envisaged under Section 63 of the Electricity Act 2003 for procurement of power from the said six cogeneration power plant based on Spent wash plus Bagasse. UPPCL was further directed to approach the Commission post competitive bidding for seeking adoption of tariff.
- d. In the meantime when the bidding process was yet not initiated by the UPPCL some of the applicants, on whose behalf the UPPCL had sought permission for evacuation of power, completed their power plants and approached the Commission vide Petition No.1503 and 1504 dated 04.09.2019 seeking directions to UPPCL to expedite the bidding process and in the interregnum allow the petitioners to supply surplus power to the grid from their cogeneration plants as the plants were about to be commissioned.
- e. The Commission therefore considering the necessity having arisen that the cogeneration plants were about to be commissioned and



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UPPCL had yet not initiated the bidding process, passed direction vide its Order dated 02.12.2019 permitting the cogeneration power plants of Petition no 1503 and 1504 to inject power into the Grid. The Relevant extract of the said order is as below: -

Considering the above and keeping in view compliance of environmental norms by these plants, the Commission directs UPPCL to complete the bidding process by January 2020. The petitioner is also allowed to inject power into the grid subject to the condition that they shall give an undertaking that (i) they shall participate in the bidding process initiated by UPPCL not above tariff of Rs. 2.899/unit as agreed by them during hearing and that (ii) payment shall be released by UPPCL after tariff discovery in competitive bidding.
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- f. Subsequent to it, UPPCL undertook the competitive bidding and the financial bids were opened. The petitioner participated in the bidding process and also matched the L-1 tariff of Rs. 2.798/unit. However, since the project got commissioned on 29.09.2020 but is not able to inject into the grid as UPPCL is not allowing the injection of power into the grid pending completion of the Competitive bidding process, accordingly, the Commission is requested to direct UPPCL to allow the petitioner to inject the power and the Petitioner is ready to settle the payment after completion of the bidding process, signing of PPA after due approval of the Commission.
3. Sh. Deepak Raizada, CE, UPPCL also confirmed that UPPCL has undertaken the competitive bidding and the financial bids have also been opened. However, the matter is before the board of directors for approval. He further submitted that since the PPA of the plant is not yet approved by the Commission, therefore the payment of power may be allowed only after approval of the PPA by the Commission.
4. The Commission heard the parties at length and observed that the Commission vide order dated 02.12.2019 in Petition no. 1504 of 2019 has





allowed slop-based power plant to inject the power into the grid considering the compliance of environmental norms by slop-based power plant, subject to the condition plant undertakes that (i) they shall participate in the bidding process initiated by UPPCL not above tariff of Rs. 2.899/unit and (ii) payment shall be released by UPPCL after tariff discovery in competitive bidding. The Commission noted that the Petitioner has participated in the competitive bidding process and has undertaken to supply 3.5 MW of power to the respondent. The Petitioner has also undertaken that payment may be released post adoption of tariff and it would abide by terms and conditions of the PPA and tariff adopted by the Commission post competitive bidding process be it Rs. 2.899/unit or such lower tariff as discovered during bidding process. Therefore, the conditions of the Order dated 02.12.2019 in Petition no. 1504 of 2019 are met. Hence, the Commission directs UPPCL to allow the Petitioner to inject slop-based power into the grid. However, the payment shall be released by UPPCL after adoption of tariff and approval of the PPA by the Commission.

5. The petition is disposed of accordingly.

(Vinod Kumar Srivastava)
Member (Law)

(Kaushal Kishore Sharma)
Member

(Raj Pratap Singh)
Chairman

Place: Lucknow

Date: 18.01.2021

