



**Petition No. 1561 of 2020**  
**BEFORE**  
**THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION**  
**LUCKNOW**

(Date of Order: 31.10.2023)

**PRESENT:**

Hon'ble Shri Arvind Kumar, Chairman  
Hon'ble Shri Vinod Kumar Srivastava, Member (Law)  
Hon'ble Shri Sanjay Kumar Singh, Member

**IN THE MATTER OF:** Petition under Section 86(1)(b) read with 86(1)(k) of the Electricity Act, 2003 in the matter of providing approval for procuring 1843.68 MW Power from Ghatampur TPS (3X660 MW) against 1683 MW previously approved by Hon'ble UPERC in Petition No. 1478/2019 in view of allocation made by MoP, GoI letter dated 21.01.2020.

**Uttar Pradesh Power Corporation Limited (UPPCL)**  
Shakti Bhawan, 14 - Ashok Marg, Lucknow - 226001

.....Petitioner

The following were present:

1. Shri Deepak Raizada, CE-PPA, UPPCL
2. Shri Saurabh Srivastav, Consultant, UPPCL
3. Shri Arun Bharti, Consultant, UPPCL
4. Shri S. C. Joshi, SE, UPPCL
5. Shri Santosh C.S, CEO, NUPPL

**ORDER**

(Date of Hearing – 05.09.2023)

1. The Petition has been filed by UPPCL for approval of procurement 1843.68 MW Power from Ghatampur TPS (3X660 MW), against 1683 MW previously approved by this Commission in petition no. 1478/2019, in view of allocation made by MoP, GoI vide letter dated 21.02.2020.

**Brief facts as stated in the Petition.**

2. Neyveli Lignite Corporation Ltd. and Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd. signed an MOU dated 30-11-2010 to promote a JVC (NUPPL) to build, own, operate and maintain a coal based thermal power project of 2000 MW capacity in Ghatampur Tehsil of Kanpur Nagar district or at any other suitable place in Uttar

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Pradesh. Paid up capital of NLC India Ltd. and UPRVUNL is 51% and 49% respectively.

3. Uttar Pradesh Power Corporation Limited (UPPCL), M/s NLC India Ltd. (NLCIL) and UPRVUNL have signed PPA dated 31-12-2010 for supply of power from Ghatampur TPS (3x660 MW). As per Clause 2.2.1 of PPA with respect to allocation of Capacity following is mentioned:

*"As per MoU signed between NLC and UPRVUNL, minimum 75% of power from Ghatampur TPS shall be allocated to Uttar Pradesh subject to the approval of Ministry of Power."*

4. Secretary Power, Ministry of Power vide letter No.6/2/2011-S. Th dt. 04-12-2012 intimated Govt. of UP that State of Uttar Pradesh was being allocated 1279 MW, @69.3% of 1844 MW, available for allocation to beneficiary States after deducting 15% towards unallocated power from the Central Generating Stations. In response to NLCIL letter dt. 24-05-2017 to agree for availing 100% power, UPPCL vide letter dt.12-07-2017 intimated that U.P. was not willing to absorb more than 75% of power according to provisions of PPA for Ghatampur TPS
5. A meeting was held by Principal Secretary (Energy), Govt. of UP with NUPPL, NLC India Limited and UPPCL on 01-12-2017 in which it was decided that:
- The balance power shall be taken from the Project only if Domestic Coal (i.e., coal from allotted Coal mine at South Pachwara, Dumka District, Jharkhand or through fuel linkage by CIL) is used to run the Project.
  - Ghatampur TPS, U.P will be treated under UP SLDC control area, hence scheduling and other functions shall be performed by UPSLDC.
6. Accordingly, Board of Director, UPPCL in its meeting held on 21-05-2018 approved the purchase of balance unallocated power from the project and UPPCL vide letter dt.23-06-2018 intimated NLCIL the consent of UPPCL for procurement of balance power from the project subject to above two mentioned conditions.

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7. Subsequently, MoP vide letter No.6/2/2011-St.Th. dt. 04-12-2018 requested Govt. of UP to inform whether "It was willing to take 85% of the power as per same terms and conditions for 75% power already tied up with NUPPL from the 3x660MW Ghatampur TPS at Kanpur, Uttar Pradesh." UPPCL on 28-12-2018 reiterated its earlier position as already intimated to NLCIL vide letter dated 23.06.2018.
8. Earlier, UPPCL had filed Petition No. 1478/2019. for approval of long-term power procurement plan for the period FY 2019-20 to FY 2029-30, containing list of all existing and upcoming projects including Ghatampur TPS with capacity allocated as 1683 MW (i.e., 561 from each Unit of 660MW) @ 85% of installed capacity.
9. The Commission, while disposing the petition no. 1478/2019, vide its order dt.09-07-2019, has directed as below:

"Since sufficient long-term capacity PPAs have already been contracted with coal based TPPs to meet the projected demand till FY 2027, **no new long term PPA with coal based thermal power plant should be contracted till Dec.2022 by UPPCL or its Discoms.** The Commission will review the capacity & energy demand; and its availability status in Dec.2022 to reassess the need for any new long term PPA with coal based thermal power plant keeping in view 54 months gestation period required."

10. Now MOP, GoI vide order dt 02-01-2020 has allocated Uttar Pradesh 1843.68 MW capacity from the 3X660 MW Ghatampur TPS @ 93.12% to the State of Uttar Pradesh (additional allocation of 160.68 MW over and above that was submitted to the Commission. The breakup of this share of 1843.68 MW is as below:

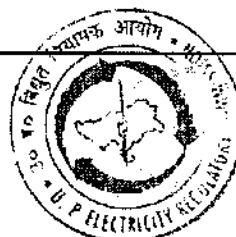
- Home State - 198 MW
- As per Equity Shareholding of UPRVUNL (49%) - 873.18 MW
- As per allocation formula as per NLC Equity Share - 226.78 MW
- Share of unwilling States -545.72MW

**Total UP Share**

**1843.68 MW**

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11. M/s Neyveli Uttar Pradesh Power Ltd. has requested UPPCL vide letter dated 11-02-2020 to proceed further for signing addendum to PPA dated 31-12-2010.

**Record of Proceedings**

12. The Commission vide orders dated 24.07.2020 and 08.09.2020 had directed UPPCL to analyze and place before the Commission cost benefits on account of procuring power over and above 1279 MW, considered by the Commission in its Order dated July 2019 in Petition No. 1478/2019 based on MoP earlier allocation dated 04.12.12.
13. UPPCL vide its submission dated 28.01.21 submitted the cost benefit analysis up to FY 2030:
- (i) Till FY 2027, UPPCL is in RTC surplus with peak deficit, whereas from FY 2028 onwards, it is in RTC deficit.
  - (ii) Stranded capacity charges for 1279 MW for FY 2022 to 2030 would be Rs. 679 Crs based on 75% dispatch beginning FY 2022, 85% for FY 2026 & 27 and 90% from FY 28 onwards.
  - (iii) The additional stranded charges for procuring 1485 MW as compared to 1279 MW would be Rs. 464 Crs for FY 2022 to 2030 (42 paise per unit). Year wise additional cost would range from 68 paise/unit (FY 2022), 96 paise/unit (FY 2023), 88 paise/unit (FY 2024), 66 paise/unit (FY 2025) and 50 paise/unit (FY 2026 and FY 27)
  - (iv) When compared with alternative to procure short term power during peak hours @Rs. 3.17 / unit, the cost of power procured over 1279 MW and up to 1485 MW would be Rs. 3.14 per unit during FY 2022. The alternative short term power option would be costlier to UPPCL from FY 2025 till FY 2027 by about 55 paise/unit.
14. Pursuant to the hearing dated 15.04.2021, the Commission vide Order dated 10.05.2021 allowed UPPCL for filing detailed analysis in the matter considering optimal operation of thermal power plant as base load operation and not for meeting only peak demand, otherwise it would lead to huge burden of stranded capacity charges. Further, Petitioner must satisfy the Commission that even after RPO and energy available from existing assets, there would be long term energy deficit to justify signing of this PPA over the above existing PPA quantum.

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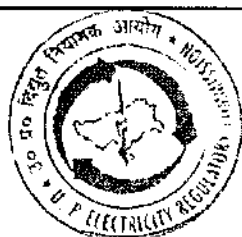


15. The Commission also noted in its Order dated 10.05.21 that though vide its order dated 09.07.2019, the situation for signing new thermal plant PPA was to be assessed after Dec 22, but subsequently, while approving UPPCL Business Plan of 2020-21 to 2021-24, the Commission vide order dated 27.10.2020 had extended the review schedule after the existing control period i.e., 31.03.2024.
16. UPPCL on 12.08.2021 filed the additional submission in the matter. NUPPL on 21.06.2022 filed relevant facts in the matter. During hearing on 25.08.22, NUPPL submitted that allocation of power to other states including Assam was being explored. NUPPL also submitted that the coal would be sourced from coal mine of Pachhwara and work of Pachhwara Mine would start from FY2023-24 and production is likely to start from December 2026/2027. In the meanwhile, coal would be sourced from Talabira mine for the Ghatampur project.
17. The Commission, vide its Order dated 12.09.2022, approved quantum of 1279 MW and directed to update status on power allocation in two months and submit amended PPA for approval of the Commission. Subsequently, UPPCL, on 23.06.23 has updated status that MoP on 15.02.23 has revised the U.P. allocation to 75.11% (1487.28MW) and 492.72 MW to Assam. NUPPL on 16.08.23 has placed on record the PPA signed with Assam.
18. During the next hearing on 05.09.2023, UPPCL has intimated that since the PPA dated 31.12.2010 mentioned minimum 75% power allocation and the revised allocation was 75.11% (1487.28 MW), the Commission may approve the PPA dated 31.12.2010. NUPPL intimated that they were in the process of filing tariff Petition with CERC, and that 1<sup>st</sup> <sup>part</sup> was likely to be commissioned by the year's end. The Commission decided to take a final view in the matter and reserved the Order.

#### **Commission's analysis and decision**

19. The following position emerges after going through the documents and submissions on record:
- (a) PPA dated 31.12.2010: Minimum 75% from the Project subject to MOP approval.
  - (b) MOP approval dated 04.12.12: Allocation of 1279 MW from 1980 MW (69.3% of total allocation of 1844 MW).
  - (c) Accordingly, 1279 MW was considered by the Commission while approving long term power procurement of UPPCL vide its Order dated 09.07.2019 in 1478/2019.

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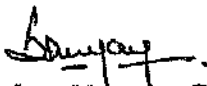
- (d) MOP vide allocation letter dated 21.01.2020 has allocated 1843.68 MW to U.P and 136.32 MW as unallocated.
- (e) MOP vide allocation letter dated 15.02.2023 has allocated Project capacity of 3x660 MW i.e., 1980 MW as 1487.28 MW to U.P and 492.72 MW to Assam.
- (f) Out of total allocation of 492.72 MW to Assam, 356.4 MW is from the 20% shareholding acquired from UPRVUNL and 136.32 MW is out of allocated share for a period of one year.
- (g) Pachwara coal block (for Ghatampur Project) is likely to be operational by 2027-28 after starting of work from 2023-24 and till then bridge coal linkage from Talabira Mines would be used.


**Commission's View**

20. **Uttar Pradesh Power Corporation Limited (UPPCL), M/s NLC India Ltd. (NLCIL) and UPRVUNL have signed PPA dated 31-12-2010 for supply of power from Ghatampur TPS (3x660 MW). As per Clause 2.2.1 of PPA with respect to allocation of Capacity following is mentioned:**

***"As per MoU signed between NLC and UPRVUNL, minimum 75% of power from Ghatampur TPS shall be allocated to Uttar Pradesh subject to the approval of Ministry of Power."***

21. **After hearing the parties, the Commission approves the PPA dated 31-12-2010 for supply of power from Ghatampur TPS (3x660 MW) for allocated capacity of 1487.28 MW, which works out to 75.11% of the Project capacity. Further, for any change in the allocated capacity to UPPCL, UPPCL shall approach the Commission for approval.**

  
(Sanjay Kumar Singh)  
Member

  
(Vinod Kumar Srivastava)  
Member (Law)

  
(Arvind Kumar)  
Chairman

Place: Lucknow  
Dated: 31.01.2023

