



THE TAMIL NADU ELECTRICITY REGULATORY COMMISSION
(Constituted under Section 82(1) of the Electricity Act, 2003)
(Central Act 36 of 2003)

PRESENT :

Thiru S. Kabilan - Chairman
Thiru B. Jeyaraman - Member
and
Thiru R. Rajupandi - Member

M.P.No. 33 of 2008

In the matter of orders requesting for purchase of power generated in sugar mills co-generation plants by using imported coal as fuel during non-crushing period for the year 2008 at the rate to be fixed by the Hon'ble Commission.

The Chief Engineer / NCES
Tamil Nadu Electricity Board
144, Anna Salai, Chennai – 600 002. Petitioner

Vs

Nil Respondent

The above petition namely M.P.No. 33 of 2008 came up for hearing on 14th October 2008. As per regulation 24 (5) of TNERC Conduct of Business Regulations 2004, "the Commission may permit such person or persons including associations, forums and bodies corporate as it may consider appropriate to participate in the proceedings before the Commission, if the

Commission considers that the participation of such person or persons will facilitate the proceedings and the decision in the matter.” Pursuant to the said regulation 24(5), the Commission sought the views of NCES Generators representing co-generation and other NCES Generators who participated in the hearing relating to the above M.P.No. 33 of 2008. The learned counsel for the petitioner board as well as Member (Generation) and Accounts Member of the petitioner board were present in the hearing. Thiru. K.Raghu, President, Biomass Power Producers Association, Tamil Nadu while participating in the hearing expressed the view that there is a discrimination on the part of TNEB which has initiated the case of only bagassee based co-generators for the purchase of power to the exclusion of biomass based NCES Generators who are similarly placed like the Bagassee based co-generators.

The Commission is inclined to accept the above views of the President, Biomass Power Producers Association, Tamil Nadu. Accordingly the following order is pronounced namely:

ORDER DATED 14th OCTOBER 2008

The Miscellaneous Petition No. 33 of 2008 filed by the Chief Engineer (Non-Conventional Energy Sources) of TNEB was taken up. The generators representing cogeneration units and Thiru. K.Raghu, President, Biomass Power Producers Association, Tamil Nadu were also present. The proposal of TNEB is to buy 250 MW of power from co-generation plants at the rate of Rs. 7.50 per unit. The TNEB made a submission that the rate of Rs. 7.50 per unit needs to be revised downwards in view of the declining prices of coal. The TNEB stated that a modification petition would be filed in this regard.

The TNEB shall adopt the following procedure for bagassee based plants adopting coal based generation.

- (a) The existing agreement with the co-generation plants have to be terminated as the status of an IPP and a co-generating plant cannot co-exist.
- (b) In accordance with Section 62 and 63 of the Electricity Act 2003 read with the National Tariff Policy, the TNEB will invite bids separately for bagasse based co-generation and coal based co-generation and submit the bids for the approval of the Commission.
- (c) The Commission already is equipped with data on the fixed cost and the variable cost of co-generation plants available under Order No. 3 of 15.05.2006. The bids will be evaluated with reference to the data available in the order.
- (d) If the co-generation plants have already started supplying power on the basis of coal, the bids may have retrospective effect in view of the acute power shortage prevailing in the State.

Identical procedure may be adopted in the case of biomass based NCES Generators who are similarly placed like the bagasse based NCES Generators. If the TNEB intends to utilize them for coal based generation, the existing agreement need to be terminated and they have to be brought under the discipline of the bids procedure stipulated under Section 62 and 63 of Electricity Act, 2003. Bids may be separately invited from biomass based NCES Generators operating purely on coal.

Pronounced in the open court by this Commission on 14th October 2008.

(Sd.....)
(R. RAJUPANDI)
Member

(Sd.....)
(B.JEYARAMAN)
Member

(Sd.....)
(S.KABILAN)
Chairman

/ True Copy /

Secretary
Tamil Nadu Electricity
Regulatory Commission

