

**JOINT ELECTRICITY REGULATORY COMMISSION FOR
THE STATE OF GOA AND UNION TERRITORIES
GURGAON**

Quorum*
Shri S.K.Chaturvedi, Chairperson
Petition No. 130/2014
Date of Order 18.07.2014

In the matter of

Petition for determination of Tariff for supply of surplus power from Co-generation power plant of Goa Sponge & Power Ltd. to Electricity Department Goa under Sections 62(1) (a) and 86 (1) (a) to (e) of the EA, 2003.

And

M/s Goa Sponge & Power Limited, 542, Rafael House Ponguirval, Currchorem, GoaPetitioner

Vs.

Electricity Department- GoaRespondent

Argued by

For Petitioner

1. Sh. Kunal Singh, Sr. Manager, PWC.
2. Sh. Manish Goel, Sr. Manager, PWC.
3. Sh. Abhijeet Ray, Sr. Consultant, PWC.

For Respondent

1. Sh. J.S. Hiremath, Executive Engineer, ED-Goa.

Order

The petitioner- M/s Goa Sponge & power Ltd. has filed the present petition for determination of Tariff for supply of surplus power from Co-generation power plant of Goa Sponge & Power Ltd. to Electricity Department Goa under Sections 62(1) (a) and 86 (1) (a) to (e) of the EA, 2003.

In brief the case of the petitioner is that Goa Sponge & Power Limited (hereinafter referred to as "the Petitioner" or "GSPL") is a limited company registered under the Indian Companies Act, 1956 with its registered office at 21/6 west patel nagar, new Delhi and a leading manufacturer of high quality Sponge Iron.

The Petitioner operates a co-generation power plant (CPP) with an installed capacity of 12 MW. The power plant has been developed with a vision to promote environmental sustainability, effective waste utilization and energy security. The CPP has an 8 MW Waste Heat Recovery Boiler (WHRB) and 4 MW Fluidized bed combustion (FBC) boiler. The FBC unit utilizes the Dolachar produced during the sponge iron production process (along with supplementary firing of coal) whereas the WHRB utilizes the hot exhaust gasses which are a by-product of the sponge iron manufacturing process.

The power produced in the power plant is utilized in the sponge iron manufacturing process and the induction furnaces in the steel melting shop. The facility also consumes power from the state grid at times based on total requirement of the facility and CPP generation. However at an overall level, the power generated from the CPP is in general more than the power imported from the grid, making the Petitioner a net exporter of power to the state grid. The Petitioner supplies surplus power available with it (around 1 MW) to the Goa Electricity Department- respondent.

The Petitioner entered into a power purchase agreement on the August 24, 2007 with the Government of Goa, for feeding the surplus electrical energy (around 1 MW) into the grid at 33 kV at Santona, Sanvordem and as per negotiations and the then prevalent fuel cost, the tariff was fixed as per clause 5.1 of the said power purchase agreement. Which reads as under:-

"(5.1) Tariff: The applicable tariff for the delivered energy by GSPL to the Government shall be Rs 2.40 per kWh till the expiry of the period of this Agreement. However, the tariff is subject to revision by the appropriate Regulatory Commission on a later date and such revised tariff shall be applicable from prospective date. In the event of such revision of tariff, if the Government is unwilling to purchase the power at the rates determined by the appropriate Regulatory Commission, then the GSPL shall be permitted to sell energy to third parties."

The Petitioner further submitted that the existing tariff of Rs 2.40 per kWh being paid by the Government of Goa, now under the purview of the Goa Electricity Department (GED), is very low as compared to the prevalent fuel costs and tariff payable to other generating stations. Considering the provisions of the power purchase agreement, the Petitioner submitted a petition before this Commission on November 7, 2011 for revision of tariff applicable for sale of power to GED under Section 86 (1) (a) to (e) of the Electricity Act, 2003.

The Commission on analysing the petition, however, noted discrepancies/ information gaps in the petition. The Commission vide its letters dated December 5, 2011 and April 19, 2012, asked the Petitioner to submit a revised petition after addressing the discrepancies observed in the tariff petition. The Commission noted the following defects in the petition:

- i. The petition is not in the form (JERC-2) prescribed in Chapter II of the JERC, Conduct of Business Regulations.
- ii. The petition is also not in the format as prescribed by the Commission in Chapter III of JERC (Terms and Conditions for Determination of Tariff) Regulations, 2009
- iii. As per the Regulations, the fee for the purpose amounts to Rs 5.0 lakhs. The balance fee may be remitted.

The Petitioner has now filed revised petition for determination of generation tariff for supply of surplus power (of around 1 MW) to Goa Electricity Department from its co-generation power plant after correcting for the deficiencies pointed out by the Commission.

The Petitioner prayed for approval of revised tariff for the years FY 2013-14 to FY 2021-22 for supply of surplus power from co-generation power plant of Goa Sponge and Power Limited to Goa Electricity Department;

The Commission received the petition on 21.01.2014. The Commission examined the petition and found in line with the JERC (Conduct of Business) Regulations, 2009 and Electricity Act, 2003. The Commission admitted the petition on 27.01.2014 and numbered as 130/2014.

The Commission held hearings on 05.05.2014. The representative of the respondent prayed for 15 days time for filing reply. The Commission considered the prayer of the representative of the respondent and acceded the same. The respondent was directed to submit reply on or before 22.05.2014.

The respondent submitted reply to the petition with averments that the respondent is purchasing power from one more co-generating plant in the state of Goa viz Goa Energy Pvt. Ltd. (GEPL) and the rate of electricity purchased from GEPL is same as that of the petitioner i.e. Rs. 2.40/- Unit. This Commission also approved power purchase cost of Rs. 2.40/- Unit for one more co-generating unit i.e. Sesa Goa Ltd. Therefore, the proposal of the petitioner for sale of power at the rate of @ Rs. 6.08/Kwh is on much higher side.

However, the Commission has approved power purchase by the respondent from M/s GSPL along with GEPL and Sesa Goa Ltd. has been certified as RPOs sources (Non- Solar) for the petitioner. The rate determined by this Commission will be decided for purchase only after approval of the State Government and prayed for disposal of the petition suitably.

The Commission heard the representatives of the parties on 03.07.2014 in Court room of the Commission, 2nd floor, HSIIDC Complex, Udyog Vihar, Phase – V, Gurgaon. The Commission has gone through the petition, reply and accompanied documents carefully and thoroughly. The Commission pointed out certain gaps in the petition and documents submitted by the petitioner. Therefore, the Commission directs the petitioner to furnish following documents and information for prudence check:-

1. Balance sheet as submitted to Registrar of Companies/ Income Tax authorities for the Financial Year when the plant was commissioned.
2. Latest two balance sheets as submitted to Registrar of Companies/ Income Tax authorities.
3. The documents of the bank establishing amount of loan drawn from the bank towards Capex investment for power Plant alone, also indicating rate of interest for the period of repayment of the loan.
4. Depreciation already booked and depreciated power plant asset book value as on today. This figure will not include any amount invested after initial establishing the power plant.
5. CDM benefits claimed/received. Copy of CDM registration application.

6. Commercial value of Ash that goes into making of the Bricks or for any other use.
7. Project report portion establishing Plant Heat Rate and Aux. Power Consumption.
8. The documents to establish the Commercial rate of Dolochar.

The Commission directs the petitioner to submit the requisite documents/ information/ report within 25 days. The petition is scheduled for hearing on 21.08.2014 at 11:00 AM.

(S.K.Chaturvedi)
Chairman
Member (Vacant)

- * As per Regulation 9 (II) of JERC (Conduct of Business) Regulations, 2009 "Coram is two". Whereas as per proviso of Regulation 9 (II) of JERC (Conduct of Business) Regulations, 2009 if Chairperson or the Member is prevented from attending hearing of which he has been given notice the Member or the Chairman as the case may be attending the meeting shall validly constitute the Coram. Post of the Member is vacant. According to provisions of Section 93 of the Electricity Act, 2003 no act or proceedings of the appropriate Commission shall be questioned or invalidated merely on the ground of existence of any vacancy or defect in the Constitution of the appropriate Commission. So the Chairperson only constitute a valid Coram.

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(Keerti Tewari)
Secretary

**JOINT ELECTRICITY REGULATORY COMMISSION FOR
THE STATE OF GOA AND UNION TERRITORIES
GURGAON**

Coram*
Shri S.K.Chaturvedi, Chairperson
Petition No. 130/2014
Date of Order 30.05.2014

In the matter of

Petition for determination of Tariff for supply of surplus power from Co-generation power plant of Goa Sponge & Power Ltd. to Electricity Department Goa under Sections 62(1) (a) and 86 (1) (a) to (e) of the EA, 2003.

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Vs.

Electricity Department- GoaRespondent

Present for Petitioner

1. Sh. Nitin Goyal, Sr. Manager, PWC.
2. Sh. Tarun Khanna, Consultant, PWC.

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The Commission sent hearing notice to the parties for 05.05.2014. The representative of the respondent prayed for 15 days time for filing reply. The Commission considered the prayer of the representative of the respondent and acceded the same. The respondent was directed to submit reply on or before 22.05.2014. The matter was scheduled for hearing today on 30.05.2014.

Reply of the respondent has been received. The Commission heard representative of the petitioner. No one is present on behalf of respondent. The Commission wants to hear representative of the respondent before final disposal of the petition.

Therefore, the petition is scheduled for hearing on 03.07.2014 at 11:00 AM. A notice be sent to the respondent for the date of hearing. If, the respondent or its representative failed to appear on the date of hearing the Commission shall proceed ex-parte.

Sd/-
(S.K.Chaturvedi)
Chairman
Member (Vacant)

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(Anish Garg)
Secretary

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THE STATE OF GOA AND UNION TERRITORIES
GURGAON**

Coram*
Shri S.K.Chaturvedi, Chairperson
Petition No. 130/2014
Date of Order 05.05.2014

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(S.K.Chaturvedi)
Chairman

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(Anish Garg)
Secretary