

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
Thiruvananthapuram**

Present : Shri.M.K.G.Pillai, Chairman
Shri.C.Balakrishnan, Member

November 27, 2004

Petition No.DP18	Dy.No.519A Dt.17.9.04	Tamil Nadu Electricity Board Kerala State Electricity Board, Thiruvananthapuram. Southern Regional Load Despatch Centre. National Thermal Power Corporation Ltd. Power Grid Corporation of India Ltd.	Petitioner Respondents
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ORDER

1. Background

1.1 The petitioner *viz*, Tamil Nadu Electricity Board, hereinafter called TNEB in its petition dated 13.9.04 has stated that it has been availing 180 MW power from CCGT Power Station of National Thermal Power Corporation Ltd. at Kayamkulam from 22.1.2003. An agreement for power purchase has been signed between TNEB and National Thermal Power Corporation on 22.1.2004, which is valid up to 31st March 2005 or till such time that special allocation of power from Eastern Region Stations for pooling with Kayamkulam power is continued by MOP, whichever event occurs earlier. As per the original Power Purchase Agreement dated 6.1.1995 between Kerala State Electricity Board (KSEB) and NTPC, the full power from Kayamkulam Power Station is allotted to KSEB. This agreement is valid for a period of five years from the date of commercial operation of the last unit of the Kayamkulam Power Station. The Power Station came into commercial operation on 1.3.2000.

The transmission system of Kayamkulam Station consists of the 220 kV Kayamkulam-Pallom D/C line and the 220 kV Kayamkulam-Edamon D/C line, which are owned by Power Grid Corporation of India Ltd.(POWERGRID) and the entire transmission charges are paid to POWERGRID by KSEB. The petitioner has stated that KSEB has agreed not to levy any charges for transmission of power to TNEB from Kayamkulam Power Station as per the discussions held between Chairman, TNEB and Chairman, KSEB. The petitioner in the prayer requested the Commission to permit KSEB to transfer the entitlement of TNEB

from Kayamkulam Power Station without charging for the transmission lines, losses and scheduling connected with the transmission of Kayamkulam power to TNEB.

1.2 KSEB, in its written response dated 13.10.2004, stated that the power purchase between TNEB from Kayamkulam Power Station can be either treated as a long term transaction by TNEB paying transmission charges of Kayamkulam transmission system or as a short term open access transaction by paying only the short term open access charges. KSEB suggested that if the transaction is treated as short term open access, the short term open access charges may be fixed on the basis of average pooled cost of KSEB transmission system. The KSEB further suggested that till the pooled cost of KSEB transmission charges is worked out, the charges for short term open access as per CERC notification *i.e.* at the rate of Rs.700.91/MW/day may be allowed. The KSEB stated that on this basis, the charges for transmission of power from Kayamkulam to Tamil Nadu would work out to Rs.37,84,914/- per month. The KSEB also wanted TNEB to pay scheduling charges of Rs.3,000/- per day.

1.3 SRLDC in its written response dated 4.10.2004 stated that the transaction of power from Kayamkulam CCGT to TNEB may be considered as short-term open access. SRLDC collected only CTU/RLDC charges and handling charges of nodal RLDC along with the application fee from TNEB for availing Kayamkulam power from 23.6.2004 to 30.6.2004 in line with clarification of CERC dated 20.5.04. The approval for transfer of power was given by SRLDC after obtaining the consent from both KSEB and TNEB.

1.4 NTPC, in its response dated 7.10.04, recited excerpts related to the transmission charges from the PPA between NTPC and TNEB, and stated that the sale of power by NTPC is at the station bus bars and the responsibility for contracting and paying for wheeling of power/utilization of transmission system lies with the beneficiary(s). NTPC prayed for an early decision so that the idling Kayamkulam power station can be put to use.

1.5 The Government of Kerala endorsed the views of KSEB *vide* letter of the Power Department dated 27.10.2004.

1.6 The TNEB submitted a rejoinder to the replies filed by KSEB, SRLDC and NTPC, on 28.10.2004, confirming its stand in the original petition to permit TNEB to avail power from Kayamkulam without payment of transmission charges and charges for the losses and scheduling connected with the transfer of power and at the same terms and conditions with which power was transmitted to Tamil Nadu from 22.1.03 to 30.6.04.

2. Hearing of the Matter

In the proceedings of the Commission held on 27.11.2004, the parties to the petition were heard.

2.1 The representative of the petitioner reiterated the arguments made in the petition and the subsequent rejoinder to the response by the respondents. The petitioner contented that KSEB should continue the transfer of the entitlement of TNEB from Kayamkulam Power Station by KSEB bearing the whole of transmission charges and charges for losses and scheduling. They argued that the KSEB had agreed not to levy transmission charges for transfer of power from Kayamkulam to Tamil Nadu. In reply to the question of the Commission, the petitioner stated that there was no formal agreement between TNEB and KSEB to the effect that KSEB would bear all the transmission charges and it was only an understanding based on letters and discussions.

2.2 The KSEB representatives stated that the KSEB had not made any commitment not to demand transmission charges from TNEB. The KSEB further stated that the power transfer should be treated as short-term open access and TNEB shall bear the short-term open access charges.

2.3 The SRLDC representative stated that the transaction fell under the category of Short Term Open Access. However, it would be a bilateral transaction between KSEB and TNEB. The SRLDC should be entitled to SRLDC charges, *etc.*, due to them.

2.4 The NTPC representative stated that the sale of power by NTPC would be for delivery at the station bus bar and the responsibility of arranging transmission and payment of charges there on rested with the SEBs. NTPC prayed for an early decision by the Commission.

3. Commission's Findings

3.1 TNEB, the petitioner, has argued that it should be exempted from payment of transmission charges, losses and scheduling charges relating to the transfer of power from the Kayamkulam Power Station to TNEB. In support of this, TNEB has cited minutes of certain meetings held between TNEB and KSEB and letters written by TNEB to KSEB. However, TNEB was not in a position to produce any written commitment from the KSEB to the effect that the KSEB would exempt TNEB from paying the transmission charges relating to the transfer of power from Kayamkulam Station to TNEB. The Commission, is therefore, not in a position to accept the contention of the petitioner that there is a commitment by KSEB not to levy the transmission charges.

3.2 On examining the matter relating to the transmission of power from Kayamkulam to TNEB, the Commission has found that there would be physical

transmission of power from Kayamkulam Power Station to two Grid Stations in the KSEB system viz., Pallom and Edamon over the transmission system of POWERGRID, which is dedicated to the Kayamkulam Power Station. After the power is received at the above two grid points in the KSEB system, there is no physical flow of power to TNEB and the TNEB receives the power by displacement. It is, therefore, established that the power transmission system of POWERGRID would be used for transfer of Kayamkulam power to TNEB. Even though this transmission system is owned by POWERGRID, the KSEB is paying for the annual charges of the transmission system and therefore KSEB enjoys the exclusive right for usage of this transmission system. The Commission, is therefore, of the view that the KSEB is entitled to claim transmission charges from a third party who intend to use this transmission system.

3.3 As regards the nature of transaction, after hearing the views of all the parties including the SRLDC, the Commission came to the conclusion that it should be treated as short-term open access. Therefore, the KSEB is entitled to claim charges for short-term open access from TNEB in the event of transfer of power from Kayamkulam to Tamil Nadu. The TNEB is also liable to pay for the losses in the transmission system from Kayamkulam Station up to the delivery points in the KSEB system viz., Pallom and Edamon. As regards the amount of transmission charges to be paid, the Commission is of the view that the formula for short term open access charges contained in the CERC notification on open access should be adopted. According to this formula, the charges payable by any short term customer shall be 25% of the annual transmission charges of the transmission system in question for the previous financial year apportioned on the basis of capacity usage. Accordingly, TNEB would be liable to pay 25% of the annual charges of the Power Grid transmission system of Kayamkulam Power Station for the year 2003-04 apportioned on the basis of capacity usage and period of usage. The power received by the TNEB would be the energy delivered at the station bus at Kayamkulam minus the loss on the transmission system till the point of entry to the KSEB system at Pallom and Edamon. For this purpose, joint meter readings should be taken at the station bus, Edamon and Pallom.

3.4 The Commission has come to the conclusion that since there is no physical transfer of power to TNEB beyond Pallom and Edamon, the KSEB is not entitled for any transmission charges for usage of its system beyond Pallom and Edamon. As the KSEB is not involved in scheduling the transfer of Kayamkulam power to TNEB, the KSEB is also not entitled for any scheduling charges. However, the SRLDC is entitled for RLDC charges, etc., as may be due to it as per the notification of CERC.

4. Commission's decision

In view of the foregoing, the Commission, in accordance with the provisions of Sub-section (1)(a) of Section 86 of the Electricity Act, 2003 read with Subsection (2)(d)(i) of Section 39 decides as follows:

- 4.1 The transaction regarding transfer of power from Kayamkulam Power Station to Tamil Nadu will be treated as short term open access.***
- 4.2 In case of power transfer to TNEB from the Kayamkulam CCGT Power Station, the KSEB is entitled to levy short term Open Access Charges on TNEB not exceeding 25% of the annual charges of POWERGRID transmission system associated with the Power station for the year 2003-04 apportioned on the basis of capacity utilization of the power station and the number of days of usage. The exact charges to be levied may be decided by KSEB subject to the ceiling prescribed above. This has been allowed in view of the fact that the charges claimed by KSEB in its petition works out to be less than that prescribed by the Commission as per the CERC formula.***
- 4.3 The loss taking place in the transmission system associated with the Kayamkulam CCGT Power Station upto Pallom and Edamon would be borne by TNEB.***
- 4.4 The KSEB will not be entitled for any charges other than that mentioned under 4.2. The SRLDC will be eligible to levy the SRLDC charges, etc., as may be due to them, on TNEB.***
- 4.5 The above decision will come into effect from the date of this order.***

The petition No. DP18 from Tamil Nadu Electricity Board is disposed of accordingly.

Sd/-
C. BALAKRISHNAN
MEMBER

Sd/-
M.K.G. PILLAI
CHAIRMAN

Authenticated copy for issue

AJITHA.S
SECRETARY

**LIST OF PARTICIPANTS IN THE PROCEEDINGS OF THE COMMISSION
HELD ON 27.11.2004 TO HEAR THE PARTIES TO THE PETITION**

TNEB

1. Sri. S. SOWMYANARAYANAN, Consultant, TNEB

KSEB

2. Sri. N. BABU, CE(SO), KSEB
3. Sri. M. SIVATHANU PILLAI, CE(Corp. Plg), KSEB
4. Sri. SUDLEY CARDOZA, EE, KSEB
- 5 Sri. P.V.SIVAPRASAD, AEE, TRAC, KSEB
6. Smt. SAVITHA.K.S, AE, TRAC, KSEB

SRLDC

7. Sri. M.R.JEEVAN, Chief Manager, SRLDC
8. Sri. A.LIONEL PAUL, SRLDC

NTPC

9. Sri. J.MAMAN, DGM(Commercial), NTPC
10. Sri. V.R.KRISHNAKUMAR, DGM(O&M), NTPC

GOVT. OF KERALA

11. Sri. R. CHITRASENAN NAIR, Under Secretary, Dept. of Power, Govt. of Kerala

KSERC

12. Smt. S.AJITHA, Secretary
- 13..Sri. A.M.NARAYANAN, Dy. Director
14. Sri. JAYASANKAR B. NAIR, Sr. Economic Analyst
15. Sri. .K.JAYACHANDRAN, Consultant(Tariff)