



Chhattisgarh State Electricity Regulatory Commission
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Petition No. 14 of 2018 (M)

In the Matter of :

Petition for rescheduling of the contract demand for supply of power in phased manner.

M/s NMDC Iron & Steel Plant Petitioner

V/s

Chhattisgarh State Power Distribution
Company Limited through its Managing
Director, Danganiya, Raipur (C.G.)
.... Respondent No.1

Chief Engineer (Commercial),
Chhattisgarh State Power Distribution
Company Limited, Danganiya, Raipur (C.G.) Respondent No.2

PRESENT : **Narayan Singh, Chairman**
: **Arun Kumar Sharma, Member**

ORDER

(Passed on 04.07.2018)

The petitioner M/s NMDC Iron & Steel Plant has filed this petition, for rescheduling of the contract demand for supply of power in phased manner.

2. The petitioner M/s NMDC Iron & Steel Plant is a unit of NMDC Ltd. a Govt. of India Company under the administrative control of Ministry of Steel. The petitioner steel plant of 3 MT is being established at Nagarnar, Jagdalpur and the expected date for progressive commissioning of the plant is scheduled from July 2018 onwards.

- 3.** The Respondent No.1 Chhattisgarh State Power Distribution Company Limited (CSPDCL) is a Govt. of Chhattisgarh undertaking and involved in the business of distribution of electricity. The respondent No.2 is a Chief Engineer Commercial, CSPDCL, Raipur.
- 4.** Petitioner submitted that, initially, at the time of beginning of construction work of the steel plant, it was expected that total power requirement would be 268 MVA. Accordingly, the petitioner entered into an agreement with the respondent No.1 for supply of 268 MVA power in four phases i.e. 16 MVA, 61 MVA, 167 MVA, and 268 MVA. The agreement was executed on 23.08.2011.
- 5.** It is submitted by petitioner that, MECON Limited, a consultant appointed for the petitioner, has recommended, looking at the progress of construction of the plant and expected date of commissioning, that the power demand is 160 MVA, instead of 268 MVA and as of now the required supply should be in two phases i.e. 20 MVA and 60 MVA. It was also advised and recommended by the MECON that further requirement of power would be communicated to the respondent No.1 two months prior to the actual requirement particularly based on the progress and completion of the preceding phase of the steel plant. The demand beyond 160 MVA can be availed as per provisions of Supply Code.
- 6.** Petitioner submitted that, on recommendation of MECON with approval of competent authority the petitioner constituted an expert committee for examining the issue of rescheduling of power requirement of the under construction steel plant and after discussion, the respondent was appraised about the consequences and difficulties regarding the power supply requirement to the steel plant.
- 7.** On hearing dated 23.03.2018, it was ordered by Commission that contract demand for phase 1 and phase 2 be rescheduled as per petitioner proposal. Thereafter an application was filed by the petitioner on 26.03.18 for amendment in the petition for retention of 132 KV service connection line for supply of power in a phased manner.
- 8.** Petitioner submitted that, during the pendency of the instant petition, an ancillary issue directly concerning the issue involved in

the present petition has arisen, particularly in respect to 132 KV service connection No.1018925 given to the petitioner for supply of 5 MVA power for the construction activities at Nagarnar Steel plant. The said line has been constructed by the respondent after investment of approx. Rs 18 crores by the petitioner. In addition to the above the petitioner has been given one more service connection, no 1023261 for operational power on 220 KV. The said line is main operational power supply connection for running of the steel plant. The 220 KV line has been charged on 26.02.18. However, stabilization of the newly constructed 220 KV network across the plant through PPDS package requires approx. 6 months. During the aforesaid period for stabilization of 220 KV line, it is necessary for the petitioner to retain 132 KV for ensuring uninterrupted power supply to remaining construction activities and trial runs of less loads in case of same problems with the recently charged main service connection of 220 KV.

- 9.** The petitioner prays for the following relief:
 - i. To direct the respondent to reschedule the contract demand for supply of power of the petitioner in phased manner from 268 MVA to 160 MVA and execute a fresh/supplementary agreement as the case may be in accordance with the actual requirement of the petitioner.
 - ii. To direct the respondents supply 20 MVA and 60 MVA power supply in two phases to the petitioner as on date and further, direct the respondents to consider the future power requirement of the petitioner beyond 60 MVA in a phased manner, as per request of the petitioner before two months of the actual requirement of the power particularly based on the progress and completion of the preceding phase of the steel plant.
 - iii. To direct the respondents to allow the petitioner to retain 132 KV service connection along with 220 KV service connection in the interest of justice.
- 10.** The petitioner also seeks interim relief to restrain the respondent from billing the petitioner as per agreement dated 23.08.2011.
- 11.** Respondent submitted as under:

- a) that, the clause 7.2 (as amended) of the supply code has made provisions for phasing of the contract demand as under:

"7.2 The Contract Demand shall be as per the agreement entered into between the consumer and the licensee and having regard to the requirement of the consumer's installation and will be independent of the connected load.

An applicant for new HT/EHT connection from licensee may opt to avail the required contract demand in phases also, subject to following conditions:

- i. No phasing is permitted beyond the period of two years*
- ii. The agreement period will be two years after the release of last phase of load.*
- iii. Maximum of three phases of contract demand can be availed by the consumer.*
- iv. The scheme of phasing once agreed between licensee and consumer under the executed supply agreement will not be permitted to change thereafter."*

- b) that, clause 7.9 of the supply code provides that contract demand / contracted load for more than 50% cannot be reduced in the initial period of agreement, which is two years from the date of commencement of contract. The provision reads as under:

"No application form for reduction of contract demand/ contracted load for more than 50% shall be entertained by the licensee within the initial period of agreement, which is two years from the date of commencement of contract. However, reduction to the extent of 50 percent of the contract demand / Contracted load subject to minimum contract demand as specified for respective voltage of supply as per clause 3.4 of this code shall be permitted once during the initial period of agreement of two years. Provided that reduction of contract demand in respect of a consumer who

becomes captive / non-captive load of a CPP shall be dealt as per provision in clause 12.14 of this code."

- c) that clause 13.28 of the supply code 2011 empowers the commission to relax the provisions of the supply code. However, in case phasing is allowed by the Commission in line with the above mentioned provisions of clause 7.2 of the supply code, petitioners shall be made obliged for strict compliance of phasing of CD so rescheduled.

Further, petitioner's prayer to take the power to decide contract demand beyond 60 MVA "as per request of the petitioner before two months of the actual requirement of the power particularly based on the progress and completion of the preceding phase of the steel plant" is not applicable. This request tantamount to taking over the powers of this Commission to be exercised under clause 13.28 in this case. The petitioner's justification to the effect that petitioner's plant is under construction and the actual requirement of power can be estimated after completion of the work is also not acceptable because it would be contravention of the supply code. Moreover, maximum three phases are allowed under clause 7.2(iii) and third phase after 20 and 60 MVA is going to be final phase. Thus, an open ended phasing cannot be allowed.

- d) that respondent has agreement with the interim order passed on 24.03.18, however it cannot be implemented because in case any consumer who opt to avail load in phase manner , has to specify final phase load and date within a period of two years from date of first place. In instant case petitioner given date of first and second phase but not specified any load and date for third phase. To enter into any agreement with petitioner, details of third phase will be needed and only thereafter agreement can be entered into.

- 12.** As per the Commission's order dated 31.03.18 in petition no. 14 of 2018 (M), a Technical Validation Session (TVS) was held on 10.04.18 with the officers of CSPDCL and NMDC. The list of the

officers who attended the meeting is annexed with the order. The following points were discussed in TVS:

- a) Rescheduling of the quantum of power availing supply by NMDC-

CSPDCL submitted that billing can be started only when the fixed schedule is finalized and the agreement is executed. The officers of NMDC submitted their difficulty in submitting the sub-schedule for the 3rd phase. The CSPDCL representatives explained the provisions of the supply code and regarding the provisions for the enhancement of the load. Based on the discussion it emerged that the amendment may be required in the petition.

- b) Provisions for availing supply at two points in a single premise- Representatives of CSPDCL explained the provisions of supply code and tariff for availing supply at two points when the supply is availed at different voltage levels in the single premises.

- c) After due deliberation, the Commission advised NMDC to submit the facts in the amendment petition pertaining to consumer security deposit and the charges paid for availing the supply.

13. NMDC submitted an amendment application dated 11.04.18 for taking additional facts on records in compliance of the Commission's order dated 31.03.18

- a) That after deliberation of the issues with CSPDCL, the petitioner has submitted phase wise plan for rescheduling its power supply as under:

“16 MVA- from the date of commencement i.e. 26.02.18

30 MVA- After 4 months from the date of commencement i.e. 27.06.18

60 MVA- After 8 months from the date of commencement i.e. from 8.10.18

Beyond 60 MVA (if required), the demand enhancement will be submitted on progress of commission of the plant.”

- b) However, in case of retention beyond 60 MVA, NMDC shall not be liable to pay additional charges as NMDC has already paid 68.04 Crore towards security deposit calculated for 268 MVA supply. Additionally, NMDC has already paid an amount of Rs. 356.40 crore towards providing transmission facilities for extension of 400 KV line from Raipur to Jagdalpur and 400/220 KV substation of Bastar.
- c) In the meeting, CSPDCL also agreed for the retention of 132 KV service connection as an alternate source for operation of NMDC steel plant. Because NMDC is depending fully upon CSPDCL for total power requirement of steel plant and there is no captive power plant as an alternate source to feed critical loads during power failure in 220 KV supply.
- d) Hence the Commission is requested to permit retention of 132 KV supply at same premises with billing of 132 KV supply at normal tariff.

Commission's View

- 14.** The petitioner through its petition and subsequent amended petition has sought two main reliefs. One relates to rescheduling of its contract demand with respect to its initial agreement. Second, retention of its 132 KV line from which power is already being availed.
- 15.** The petitioner NMDC entered into power supply agreement with CSPDCL on 23.08.2011. According to the tentative schedule, petitioner needed power in four phases i.e. 16 MVA, 61 MVA, 167 MVA and finally 268 MVA. This power was required to be availed from 220 KV line. As the power demand of petitioner could not be met from existing transmission and distribution system of licensee, the petitioner had deposited Rs 356.40 crores for upgrading transmission and distribution system. The amount deposited by petitioner was for the purpose of extending 400 KV lines from Raipur to Jagdalpur and erection of 400/220 KV sub-station. The petitioner also paid an amount of Rs 68.04 crores as security deposit for availing supply. For availing construction power of the project, the petitioner had entered into a separate agreement. The

CSPDCL is supplying construction power to petitioner through 132 KV line.

16. A technical validation session was held with the officers of respondent CSPDCL and petitioner. As per initial agreement NMDC has proposed to receive supply as :

- a) 16 MVA from the date of commencement of agreement
- b) 61 MVA after 4 months from date of commencement of agreement
- c) 167 MVA after 7 months from the date of commencement of agreement
- d) 268 MVA after 10 months from date of commencement of agreement.

17. In the amendment petition dated 11.04.2018, the petitioner has proposed to receive supply as:

- a) 16 MVA from the date of commencement of agreement i,e 26.02.2018
- b) 30 MVA after 4 months from date of commencement of agreement
- c) 60 MVA after 8 months from the date of commencement of agreement
- d) Beyond 60 MVA (if required), the demand enhancement would be done based on progress of commissioning of project.

18. On initial petition, the respondent had submitted that provisions of relaxation in Supply Code for enhancement or reduction of load has to be done by Commission only and open ending phasing cannot be allowed. During TVS on 10.04.2018 the officers of CSPDCL had explained the petitioner about the procedure of enhancement of load. Procedure for enhancement of Contract Demand / Contracted Load has been specified in Supply Code, 2011. The relevant clause is reproduced below:

"7.3 Application form for enhancement of contracted load / contract demand shall be submitted to the licensee in the prescribed form (Annexure 5).

7.4 The licensee shall examine the feasibility of supply to the enhanced load within thirty days and inform the consumer with demand note showing the following:

(a) whether the additional power can be supplied at the existing voltage or at a higher voltage;

(b) addition or alterations, if any, required to be made to the system and the cost to be borne by the consumer;

(c) amount of additional security to be deposited; and;

(d) change in the classification of consumer, if so required.

7.5 The application form for enhancement of the contract demand /load will not be accepted if the consumer is in arrears of payment of the licensee's dues. However, the application form may be accepted if the payment of arrears due from the consumer has been stayed by a court of law, or by the Commission or an authority appointed by the Commission or facility has been granted by the licensee for payment of arrears in instalments.

7.6 On receipt of demand note from licensee, the consumer shall: (a) furnish work completion certificate of consumer's installation and test report from a licensed electrical contractor in case of LT connection where alteration of his installation is involved.

(b) furnish letter of approval for the electrical installation of the consumer from the Electrical Inspector in case of HT and EHT connection, and other statutory clearance under other regulations in force, if required. Similarly, approval from Inspector of Mines shall be provided for additional load for electrical installation for mines. (c) pay additional security deposit and cost of addition or alteration required to be made to the system, if any.

(d) execute a supplementary agreement.

7.7 If no addition or alteration to the system including change in metering arrangement is required, the enhanced load will be released from a date as stated in supplementary agreement or after completion of the requisite formalities by the consumer

whichever is later. The metering arrangement be changed within 15 days of completion of requisite formalities by the consumer, if required and additional supply be released. If the system needs any alteration or addition, the procedure as given for a new connection shall be followed."

- 19.** The Supply Code describes the procedure to be followed by licensee for enhancement of load. Normally, the distribution licensee follows procedure laid down in Supply Code for enhancing load of consumers. It would be worthy to note that, the petitioner company has already deposited the required amount (supply affording charges) initially as per its full load requirement. Also, the required security deposit has also been paid by petitioner considering its full load requirement. The licensee has constructed 400 KV line from Raipur to Jagdalpur and developed its transmission and distribution system to cater the load of Jagdalpur area and the petitioner. The CSPDCL has already developed its transmission and distribution system taking into consideration full load requirement of 268 MVA of petitioner. So it is case where enhanced load has already been permitted and all technical and financial requirement has been fulfilled by petitioner as well as licensee. So the only issue remaining is to provide power to petitioner in phased manner as per their requirement.
- 20.** Clause 4.58 of Supply Code, 2011 specifies timelines for providing new connection and increase of load. For EHT consumers the schedule is as under:
- "Extra High Tension (EHT) Connection*
- a) Informing feasibility after receipt of the application form including connectivity consent required if any- 30 days*
 - b) Issue of demand note of estimate charges after issue of notice of feasibility- 60 days*
 - c) Completion time of extension work after payment-180 days*
 - d) Serving of connection after payment necessary charges and execution of agreement by the applicant subject to receipt of clearance from Chief Electrical Inspector after completion of extension work-30 days."*

- 21.** In this specific case, the time lines specified under a), b) and c) is of no relevance. The transmission and distribution system has already been upgraded by licensees (CSPTCL and CSPDCL) to cater the full load of petitioner and also the amount required to be deposited as per full load requirement of petitioner has already been deposited by petitioner. So the only operative part would be the clause d) mentioned above. Accordingly, whenever the petitioner seeks enhancement of its load, the CSPDCL should ensure supply to petitioner within 30 days from receiving of application for enhancement of load.
- 22.** The petitioner project is being installed in Bastar area. The project is being delayed due to reasons beyond control. Therefore, the proposal of petitioner of rescheduling its power supply requirement is hereby agreed. Accordingly, 16 MVA load is permitted from date of commencement 26.02.2018 (date of charging). The second phase load would be of 30 MVA after 4 months from date of commencement, i.e. 27/06/2018. The third phase load shall be of 60 MVA after 8 months from date of commencement. If petitioner requires load more than 60 MVA, it should be permitted by CSPDCL and it should be ensured that power is supplied to petitioner as per enhanced load requirement within 30 days of receiving application from petitioner. As the petitioner has already deposited Rs. 356.40 for up gradation of transmission and distribution system, additional charges should not be claimed by CSPDCL for any enhancement of load. It is clarified that supply affording charges should not be claimed by CSPDCL for enhancing load of petitioner. Also as the security deposit amount has already been paid by NMDC, no additional amount towards security deposit has to be claimed by CSPDCL for enhancement of load of petitioner so far as the electricity bill remains within amount deposited as per prevailing tariff order.
- 23.** The second relief sought by petitioner is that of retaining 132 KV supply at their premises. As per Clause 4.20 of Supply Code, 2011 electricity will be supplied to a consumer at a single point for the entire premises. The petitioner is seeking relaxation on this Clause and wishes to avail two connections in single premises. The petitioner has stated that there is no captive generating plant and

also there is no alternative power supply source in their premises. The petitioner has stated their load is critical in nature and interruption in main power supply source (220 KV) could lead to critical situation. As the petitioner is fully dependent on CSPDCL for meeting its power requirement, the relief sought by petitioner is allowed. In view of special circumstances and reasons stated above the provisions of clause 4.20 is relaxed and petitioner can avail 220 KV supply and 132 KV supply in single premises. The petitioner can continue to avail supply at 132 KV at applicable tariff decided by Commission from time to time.

The petition is disposed off accordingly.

Sd/-
(ARUN KUMAR SHARMA)
MEMBER

Sd/-
(NARAYAN SINGH)
CHAIRMAN

Annexure

List of persons attended TVS on 10.04.2018

| No. | Name | Organization/ Designation |
|-----|--------------------|---|
| 1. | Ms H.K. Pandey | Addl. C.E. CSPDCL, O/o the CE (RA & PM) |
| 2. | Mr. G.C. Mukherjee | Director, CSPDCL |
| 3. | Mr. Manoj Khare | SE (RAC), CSPDCL |
| 4. | Mr. Sreenivasa Rao | Sr. Manager (E), NMDC |
| 5. | Mr. H.P. Das | ED, Mecon |
| 6. | Mr. Prasant Dash | ED, NISP |