



Chhattisgarh State Electricity Regulatory Commission

Civil Lines, G.E. Road, Raipur – 492001

Tel: 0771-4048788, Fax-4073553

Website: www.cserc.gov.in, E-mail:cserc.sec.cg@nic.in

Petition No.44 of 2009 (M)

In the matter of reduction of contract demand of captive load upto zero

Allok Ferro Alloys Ltd.-

----- Petitioner

Vs.

Chhattisgarh State Power Distribution Co. Ltd.

----- Respondent

Present: Manoj Dey, Chairman
B.K. Sharma, Member

ORDER

(Passed on 17.12.2009)

The petitioner M/s. Alok Ferro Alloys Ltd., Raipur (AFAL for short) has filed a petition under section 43 read with section 42(4), section 9 and section 86(i)(k) of the Electricity Act, 2003 (Act for short) stating that M/s. AFAL availed HT connection from erstwhile CSEB having 8000 KVA Contract Demand (CD for short) on 33 KV after failure of alternator of their generating plant from where their 8000 KVA ferro alloy unit was being fed. In view of expected expansion of their power plant in near future the need for having 132 KV connectivity was felt and accordingly AFAL vide its letter dated 05.08.08 requested the Chief Engineer(Transmission), CSEB to provide connectivity with 132 KV pooling sub station of Heera Ferro Alloys Ltd., (HFAL). In response to their application, connectivity to 132 KV grid was sanctioned by Chhattisgarh State Power Transmission Company Ltd. (CSPTCL for short) and conveyed vide letter dated. 28.04.09. On receipt of sanction for 132 KV connectivity, M/s. AFAL vide their letter dated 30.04.09 requested the Chief Engineer (R.R.), Chhattisgarh State Power Distribution Company Ltd., Raipur (CSPDCL for short) to reduce their CD from 8000 KVA on 33 KV to zero at 132 KV. Further it is stated by the petitioner that their request for reduction of CD to zero was in line with clause 6.7 of order dated 06.02.06 passed by this Commission, in Petition no. 17 of 2005 which provides that captive consumers of CPP may reduce their CD to the extent desired, on availing supply from the CPP any time during the period of agreement to any extent. Clause 6.7 of the aforesaid order is reproduced below:-

“ The Commission feels that its decision not to allow set off on CD may not pose as serious a problem as has been made out by the petitioner for the following reasons. The relevance of CD is only in relation to the maximum demand (MD) charges and/or to a minimum guaranteed consumption where there is a nexus in the tariff between CD and minimum consumption. Of the three kinds of consumers mentioned in para 6.1 above, who are concerned with CD, the last two will have the benefit of the liberal regime for reduction of CD in the Supply Code. The Supply Code (clause 7.9) permits reduction in CD to the extent of 50% by a consumer only once within the period of agreement which is two years. Further liberalizing this provision, the Commission directs that the captive and non-captive consumers of a CPP may reduce their CD to the extent desired, on availing power supply from the CPP, any time during the period of the agreement and to any extent. However, such

reduction shall be permitted only once in a year. In case, CD is reduced to zero level to avail only standby power from the Board/ licensee, the charges will be tariff for temporary connection to that consumer for the period during which power is availed from the licensee, following the provisions of para 8.5.6 of the NTP. So far as the CPP itself is concerned, it can avail of start-up power as per para 8 of this order“.

M/s. AFAL has further submitted that Chief Engineer (Comml), CSPDCL vide letter dated 26.05.09 had conveyed approval of the competent authority for

- (i) *“for synchronization and running of 8 MW CPP at Urla Industrial Area in parallel with grid on 132 KV through 132 KV dedicated line from 132KV pooling s/s being constructed by M/s Hira Ferro Alloys Ltd.*

and

- (ii) *reduction in contract demand from 8000 KVA to 4000 KVA on 132 KV with effect from the switching over of supply from 33KV to 132 KV subject to standard terms and conditions.*

While conveying the approval by CE(Comml) the reason of reduction of CD from 8000 KVA to 4000 KVA against zero CD as requested by the petitioner, was not informed. On personal contact with CE(Comml) of CSPDCL the petitioner was informed that reduction of CD to zero could not be considered as per the provision of Supply Code notified by the Commission which provides that CD at 132 KV should be for minimum of 4000 KVA load (refer to clause 3.4 of Supply Code). The petitioner stated that they had no option except to agree with under protest and execute agreement with CSPDCL for reduction of CD from 8000 KVA to 4000 KVA, as such the process of synchronization was withhold which delayed the commissioning of the power plant. Thus, the agreement with CSPDCL was executed for 4000 KVA CD as per approval communicated by Chief Engineer (Comml) vide letter dated 26.05.09. This agreement was finalized by CE(Comml) on 30.05.09. Thereafter the petitioner again submitted in writing to Chief Engineer (Comml) to reduce the CD to zero instead of 4000 KVA, but no action was taken by CSPDCL. However, in response to petitioner letter dated 22.06.09, Chief Engineer (Comml), CSPDCL vide letter dated 16.07.09 intimated to petitioner that the HT agreement was finalized for 4000 KVA load at 132 KV on the basis of reduction of CD from 8000 KVA to 4000 KVA and hence no further reduction in CD could be permitted as per prevailing Supply Code.

The petitioner on account of not getting the relief on repeated request to respondent, filed this petition with request for interim relief restricting the CSPDCL to raise any bill towards 4000 KVA C.D. in view of the fact that passing of final order on the petition may take time. As also petitioner prayed that:-

- (i) *“Direct the respondent to issue amendment to letter No. 02-02/SE-I/1397 dated 26.05.2009 of CE (Commercial) for reduction of Contract Demand to Zero in place of 4000 KVA.*
- (ii) *Instruct the CSPDCL to cancel the HT agreement dated 30.05.09 for a Contract Demand of 4000 KVA and in its place enter into a fresh HT agreement with the petitioner for Zero Contract Demand w.e.f. date of connection.*
- (iii) *Pass interim order restricting the CSPDCL for billing of 4000 KVA Contract Demand and recovering payment of the bills raised in between”.*

Since the billing on the basis of 4000 KVA was being done as per the agreement executed by the petitioner, and no any proper substance / justification could be submitted by the petitioner to pass an interim order restricting the respondent to bill for 4000 KVA CD, as per mutual agreement between the two parties, no interim stay was granted

2. In response the respondent submitted reply that M/s. AFAL is a company manufacturing ferro alloy and also having 8 MW CPP unit adjacent to this ferro alloy unit. Prior to 1/7/08 M/s. AFAL, Urla used to avail power from its CPP unit for manufacturing purpose. On 17/06/08 M/s. AFAL applied to CSPDCL for 8 MW temporary connections for a period of 2 months giving reason that their power plant is under shut down due to failure of alternator. The temporary connection for 8000 KVA power plant was released on 01.07.08 by CSPDCL. Immediately after release of temporary connection the petitioner applied for 8000 KVA permanent connections vide application dated 03.07.08 and the load was sanctioned, agreement executed on 21.07.08 and permancnet connection was released on 24.07.08 to the petitioner. Subsequently, the petitioner applied on 05.08.2008 to Chief Engineer (Transmission) to provide 132 KV connectivity for its CPP unit with pooling sub station of M/s. HFAL stating the reason of future expansion of their power plant unit. The approval was conveyed by Chief Engineer (Transmission) on 28.04.09 and on receiving the approval, the petitioner applied for reduction of CD of it's ferro alloy unit from 8000 KVA on 33 KV to zero KVA on 132 KV. The competent authority accorded approval for reduction of CD from 8000 KVA to 4000 KVA in accordance with the provisions of Supply Code and conveyed to the petitioner vide letter dated 26.05.09. The petitioner agreed with the decision of the CSPDCL and executed agreement for reduction of CD from 8000 KVA to 4000 KVA. It is further stated by the respondent that had the petitioner any objection in reduction of CD from 8000 KVA to 4000 KVA, they would not have executed the agreement and may approach the competent authority.

3. During the argument by both the parties it was felt that there was some lack of communication and understanding between the parties which resulted in dispute. Therefore, the Commission suggested both the parties to hold a meeting and try to resolve the problem within a short time and then to reappear before Commission, in case the dispute is not resolved. In the meantime, respondent CSPDCL made additional submission on 11.09.09 stating that *as per section 4(1) (f) (ix) of the CSERC's Redressal of Grievances of Consumer Regulation 2007, the grievance relating to reduction / enhancement in load / demand are within the jurisdiction of Forum of Redressal of Consumer's Girevances. Therefore, this matter being a dispute between a licensee and consumer on the issue of reduction of contract demand, therefore provision of section 42(4), 43,9and 86(i)(k) are not at all applicable and therefore the case does not fall within the jurisdiction of Hon'ble Commission to adjudicate upon. We have observed that in fact the dispute has arisen on account of not observing the directive given in clause 6.7 of this Commission order dated 06.02.2006 passed in petition no. 17 of 2005, which provides that the captive consumer of a CPP can reduce their CD to the extent desired even to zero during the period of an agreement. We thus concluded that the case is well within the jurisdiction of this Commission and this pleading of respondent was thus rejected.*

After a sequence of meetings of both the parties, the petitioner and respondent appeared on 09.10.2009 and stated that the outstanding matters have been clarified to some extent and now the petitioner intend to continue the 33 KV supply from the utility for their ferro alloy plant and 132 KV connectivity for the generator separately. Since this is entirely a different contentions from the contents of the original petition, the petitioner was directed to

amend his petition accordingly, for which respondent had no objection. The petitioner submitted the amendment in the original petition stating that the petitioner intend to keep connectivity on 132 KV line through pooling sub station for evacuation of power generated by the petitioners power plant without any contracted load, even if the petitioner's power plant is treated as Independent Power Producers (IPP for short). The petitioner further intended to maintain 8000 KVA CD for its ferro alloy unit on 33 KV line without any break in the period of supply while agreeing to comply with all the requisite formalities to establish a separate premises for ferro alloy unit. The petitioner also agrees that if connectivity is provided on 132 KV line for evacuation of power from the generator the inter connection between the power plant and ferro alloy plant shall be dis-connected and power plant shall be treated as IPP. With this submission the petitioner prayed to Commission to pass order and direct the respondent to continue connectivity on 132 KV line from the pooling sub station without any load from the date of connectivity for evacuation of power generated by petitioner's power plant, treating the power plant as IPP and to pass an order for restoration of 33 KV connection which was originally taken for ferro alloy unit of the petitioner with 8000 KVA CD without any break in the period of supply, which was erroneously sanctioned considering switching of supply from 33 KV to 132 KV and reduce the CD to 4000 KVA from 8000 KVA by the respondent.

4. In turn, the representative of CSPDCL submitted on 27.10.09 stating that M/s. AFAL submitted the modified petition which is altogether a different new petition which has nothing common except the name of the petition company. The petitioner could really identify its own requirement only after extensive deliberations with CSPDCL. It was further stated by the respondent that it could not be concluded from the request of petitioner that it requires separate connectivity at 132 KV and 33 KV. CSPDCL granted permission for connectivity at 132 KV with 4000 KVA CD in place of zero and petitioner executed agreement for reduction of CD from 8000 KVA to 4000 KVA at 132 KV connectivity, but subsequently filed protest that they have applied for reduction of CD from 8000 KVA to zero. It is further submitted by respondent that the modified petition is the fresh claim lodged first time before the Hon'ble Commission and never lodged earlier with CSPDCL. Moreover, if these claims are considered on merit a retrospective effect cannot be accepted.

5. We have gone through the various submission and argument of both the parties in length and have observed that the petitioner initially did not have clear view of actually what they want. The application dated 30.04.09 which was submitted by the petitioner to the respondent was not very clear to explain the contention of the petitioner and the contents of the application created confusion in processing of the case. The respondent also did not get it clarified before according approval for load reduction. Subsequently, after discussions with respondent, the petitioner came out with clear view with modified petition; intended to maintain the connectivity of their generating unit with 132 KV pooling sub station with zero load for generating plant and continue to avail power on 33 KV from respondent, to run their Allok Ferro Alloys Unit with 8000 CD. They are also ready to separate both the units and to dis-connect the inter connection between the CPP and Ferro Alloy unit and to maintain the status of their power plant as IPP.

We have observed that the request of the petitioner in the modified petition is in line with the regulations and there may not be any difficulty in accepting the request of the petitioner. The representative of CSPDCL also consented for the same. The AFAL generating plant of the petitioner which was connected to the grid through tapped connectivity needed to have independent connectivity with the grid as per the provision of the State Grid Code.

Accordingly, the request of the petitioner to have connectivity of their 8 MW generating plant with 132 KV pooling sub station is as per the requirement of the grid code and is thus accepted. The request of the petitioner to have zero contract demand with the utility for the generating plant is also in order and acceptable. As such the provision of start up power for the generating plant from the utility is available in retail tariff order and generating plant may avail this facility, if so required. The 33 KV supply which was being availed for the ferro alloy plant is prayed to be continued at 8000 KVA CD. There is already an agreement between the petitioner and respondent for the reduced supply from 8000 KVA to 4000 KVA for the ferro alloy unit, the only thing is that the supply voltage for 4000 KVA in supplementary agreement need to be changed from 132 KV to 33 KV. To avail 8000 KVA load on 33 KV the petitioner may approach the respondent for load enhancement and complete the necessary formalities after sanction. The respondent is directed to sanction and release the enhance load on priority after completion of required formalities. The inter connection between the co-located generating plant and the ferro alloy load need to be removed and their premises are to be made separate. We order accordingly. The petitioner and the respondent are therefore directed to act accordingly.

Sd/-
Member

Sd/-
Chairman