



Chhattisgarh State Electricity Regulatory Commission
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Petition No. 41 of 2020

In the Matter of:

M/s Jindal Steel & Power Limited ... **Petitioner**

Chhattisgarh State Renewable Energy
Development Agency, Raipur ... **Respondent**

PRESENT : **D S Misra, Chairperson**
: **Arun Kumar Sharma, Member**
: **Vinod Deshmukh, Member (Judicial)**

APPEARANCE : Shri Hemant Kumar Singh and
Shri Lakshyajit Singh, Counsels for petitioner.
Shri Sanjeev Jain, CE for respondent.

ORDER

(28th October, 2020)

This petition has been filed by Jindal Steel & Power Limited (JSPL), seeking direction from the Commission to the effect that the renewable purchase obligations (RPO) for their distribution business, for FY 2019-20 as well as previous years can be fulfilled through co-generation power which is in excess of targeted RPO in their steel business.

2. Facts of the case in brief:

The petitioner has a steel plant namely JSPL, at Raigarh. The steel plant has a captive co-generation power plant that utilizes waste heat generated in the process of steel making for generation of electricity which is used in the steel plant. This consumption is taken into consideration for compliance of their RPO as captive user. However, they have excess co-generation power to the extent of 64.5 MW, which is also being used in steel making. The petitioner is also a distribution licensee for supplying power to the consumers of the Jindal industrial park, Raigarh. Their contention is that, in terms of clause 2.1(XIII) of the RPO regulations, they

are an 'obligated entity' as a distribution licensee and also as a captive user. Since, the consumption of co-generation power is in excess of the target of RPO meant to be fulfilled for the captive user (in the process of steel making), they may be permitted to offset excess co-generation power consumed against RPO for FY 2019-20 as well as previous years, as a distribution licensee.

3. Heard the parties and perused the records.

The petitioner's contention is that regulation 3(II) provides for offsetting of consumption of fossil fuel based co-generation power of obligated entities against their RPO compliance. Further, regulations 4.6 permits the obligated entities to meet their RPO targets by way of inter alia its own generation. In the instant case, there is a surplus of co-generation power after meeting the RPO target meant for steel-making business, which comes to around 64.5 MW. The petitioner claims that they are using this excess co-generation power in steel-making business. Since they are an obligated entity as distribution licensee also, they are eligible to offset the RPO liability of both the businesses with the power consumed from co-generation sources, as per regulations 3(II).

The contention of the respondent, CREDA, is that the petitioner's plants i.e. JSPL – CPP and JSPL- Discom, both are two separate obligated entities and they are submitting RPO compliance reports separately from the beginning. Further, as per clause 8.1 of the RPO regulations, CPP and open access consumers, consuming power in any year to the extent of total RPO from fossil fuel based co-generation power plant, shall be exempted from RPO. As per this clause, distribution business is not eligible to offset the RPO through fossil fuel based co-generation power of the other obligated entity.

4. Commission's views and analysis:

4.1 We have considered the arguments of both the parties. The relevant provisions of the CSERC RPO Regulations, 2016 are as follows:

"2.1 (XIII) 'Obligated Entity' means the distribution licensee(s), captive user(s), open access consumer(s) including a open access consumer meeting part of energy from distribution licensee & part through open access (non RE consumption) in the State of

Chhattisgarh, who have to mandatorily comply with renewable purchase obligation under these Regulations subject to fulfilment of conditions outlined under Regulation 3."

"3.II. Obligated entities consuming power in any year to the extent of total RPO specified under Regulation 4 from fossil fuel based co-generation power plant shall be exempted from the RPO. In case of consumption of obligated entities from such co-generation power plant is less than the total RPO specified under Regulation 4.3, such obligated entities shall be required to fulfil the RPO to the extent of shortfall."

4.2 The point for determination is whether the petitioner's both the obligated entities i.e. steel-making entity and the distribution entity are consuming the co-generation power?

From a plain reading of both the aforesaid provisions, it is clear that (i) for the purpose of fulfilling RPO, both the businesses of M/s JSPL i.e. steel-making business and power distribution business are separate obligated entities, and that (ii) the RPO targets of JSPL's steel-making business and their distribution business can be met from the power consumed from their co-generation power plant, provided each obligated entity is consuming the co-generation power. However, the petitioner, taking shelter under this provision, is claiming eligibility for RPO of distribution licensee as well.

4.3 We have gone through the submission of the petitioner. In their affidavit, submitted in support of the petition, the petitioner has stated as follows:

"..... the excess co-generation power consumed by the steel business, after offsetting / meeting its RPO liability, comes to more than 64.5 MW. The petitioner further states that applying the aforesaid percentage (13%) to the average consumption of 127 MW, the required RPO of the distribution licensee business comes to 16.5MW. hence, the petitioner wishes to offset the said RPO liability of around 16.5 MW for distribution licensee business, in the FY 2019-20 as well as the previous years with the aforesaid excess co-generation power in excess available and being consumed by the steel business of the petitioner."

4.4 From the above statement, it emerges that the co-generation power produced in excess of the RPO requirement of steel-making is also being consumed for steel making and the petitioner prays that this excess co-generation power used in steel-making business for the impugned years may be allowed for meeting the RPO requirement of its distribution business.

4.5 As clarified in aforesaid paras, both the obligated entities shall be eligible for offsetting their RPO from the co-generation power provided each of the obligated entity is using the said power. However, in the instant case, as per the petitioner's own admission, the excess co-generation power (over and above that being used for meeting RPO requirement of steel-making) is also being used for steel-making. In other words, the co-generation power, as prayed by the petitioner, is not being used for its distribution business. Therefore, this provision shall not be applicable in the instant case.

5. In the light of the aforesaid, the petition has no merit and, therefore, not allowed. Hence dismissed.

Sd/-
(Vinod Deshmukh)
Member-Judicial

Sd/-
(Arun Kumar Sharma)
Member

Sd/-
(D S Misra)
Chairperson