

**Delhi Electricity Regulatory Commission**  
**Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi – 17**

**In the matter of:** Approval of the rates for Inter-Discom Trading in Electricity within Delhi.

**Coram:**

**Sh. Berjinder Singh, Chairman & Sh. K. Venugopal, Member.**

**ORDER**

(Date of Order: 14.08.2007)

1. The Govt. of NCT of Delhi had issued a set of Policy Directions under Section 108 of Electricity Act, 2003 on 28.06.2006 and 30.03.2007 for the purpose of making power arrangements in Delhi beyond 01.04.2007. The aforesaid Policy Directions, inter-alia, indicated that w.e.f. 01.04.2007, the responsibility for arranging supply of power in the National Capital Territory of Delhi shall rest with the Distribution Companies in accordance with the provisions of Electricity Act, 2003 and also the National Electricity Policy. The Commission was to initiate all measures well in advance so that necessary arrangements were made to put the system in place.
2. It was further directed that from the date afore mentioned, the Delhi Transco Ltd. will be a company engaged in only Wheeling of Power and also operate as the State Load Dispatch Centre in accordance with the mandate of the Govt. of NCT of Delhi. It was also mentioned that DERC would make arrangements for allocating various existing Power Purchase Agreements between the present Distribution Companies in the manner to take care of different load profile of the Distribution Companies, the New Delhi Municipal Corporation and also the Military Engineering Services.
3. Further, while addressing the issue of transiting to the new arrangements in which the Distribution Companies would trade in power, specific Orders may be issued by DERC for ensuring that there is no disruption in the transmission network.

4. After a protracted correspondence with the Govt. of NCT of Delhi and deliberations with the stake holders, regarding the transfer/reassignment of Power Purchase Agreements to the Distribution Licensees, the Commission issued an Order on 31.03.2007 in the matter of approval of reassignment of Power Purchase Agreements to the Distribution Licensees including the deemed Licensees in the National Capital Territory of Delhi and introduction of Intra-State ABT in Delhi w.e.f. 01.04.2007.
5. The Order aforesaid had addressed various issues and one of the important issues which was highlighted in the said Order was provided in Clause (iv) para 16. The relevant portion of the Order is reproduced below:

*"If the allocation results in any excess capacity in the hands of any of the Distribution Companies/Agency at any time, such excess capacity shall be offered to other Distribution Utilities in Delhi at the first instance and only if such spare capacity cannot be absorbed within Delhi, it shall be offered to others. Necessary arrangements for this purpose shall be evolved in the Power Procurement Group constituted by the Government of NCT of Delhi."*

6. The functioning of the Intra-state ABT system was reviewed in the DPPG on 01.06.2007 i.e. after a period of two months since the scheme has been in operation in Delhi. The minutes of this meeting were circulated on 06.06.2007 and the minutes reveal that all the Distribution Licensees were having surplus power during the period 00.00 hours to 09.00 hours and therefore, offering of spare capacity of one Distribution Licensee to another may not be relevant for this time block. However, there were other time blocks where there could be a surplus in one or more of the Discoms while having a simultaneous deficit in some others. The DPPG had expressed the view that there was a need to deliberate on the power allocation which had been made to the various Distribution Licensees in the NCT of Delhi vide this Commission Order dated 31.03.2007. A consultation process was undertaken by the Commission with all the Distribution Utilities on 01.08.2007 and various parameters were discussed for the purpose of fixing the Inter-Discom rates within Delhi. Based on the deliberations and broad consensus among the Distribution Utilities, the Commission directs that the following shall be the procedure and the settlement mechanism for Inter-Discom Power Transfers:

- (i) For the purpose of Inter-Discom Power Transfer, the base allocation done by the Commission shall be the criteria and the 15 per cent unallocated quota which is at the discretion of the Govt. of NCT of Delhi shall not be considered in such Inter-Discom Transfers. Any decision on the use of 15% unallocated quota can be taken only by Govt. of NCT of Delhi.
- (ii) The utilities, which have surplus capacities within the base allocation may surrender their surplus capacity, in advance to other utilities who are desirous of taking such un-requisitioned capacity. In case the demand is more than the surrendered capacity, the allocation shall take place in accordance with the ratio adopted in the Commission's Order dated 31.03.2007, subject to mutual agreement between the parties on other terms and conditions. In this arrangement, the fixed cost and the scheduled energy cost etc. for that period shall become the responsibility of the utility, which consumes such surrendered capacities.

Alternatively, during scheduling on a daily basis, the Discoms and other licensees shall requisition their actual requirement. The scheduling done should be more close to the actual requirement. Large deviations between "Schedule" & "actual" will be treated as "gaming", warranting further scrutiny of the Commission under various provisions of the Act.

- (iii) Other distribution agencies of Delhi shall then be offered such un-requisitioned capacity by the SLDC and they can requisition such capacity which shall be settled at a single rate decided by the Commission through this order.
- (iv) In case there are no takers for such un-requisitioned capacity, the same shall get reverted back to the utility, which had not requisitioned this capacity at the first instance. They would then be required to revise their schedule duly taking into account their demand and thereafter the payment of fixed charge, scheduled

energy charge as well as UI charge shall be decided based on the final schedule given by that utility.

- (v) In case there is a demand from other utilities beyond the un-requisitioned surplus then such surpluses shall be allocated pro-rata to various utilities as per the proportion of allocation adopted in the Order dated 31.03.2007 of the DERC.

7. In order to accomplish the above procedure and the settlement mechanism for Inter-Discom Power Transfers, the Commission directs following actions to be taken with immediate effect:

- (i) Scheduling process may have to start a little earlier than the current procedure for accomplishing the process discussed above so that the final schedule to the NRLDC is released at the pre-determined time.
- (ii) All the Discoms/deemed licensees shall position their representatives in the SLDC at the pre-designated time, as decided by the GM, SLDC, on a daily basis so that the schedules are finalized through an interactive process within the SLDC itself and without any need to obtain approval from the Head office of the distribution utilities. For this purpose, authorized officers of the Discoms/distribution licensees shall be stationed in the SLDC, who shall authenticate such scheduling and changes involved therein.
- (iii) As regards the single rate settlement between the utilities, the Commission is of the view that it should be linked to load centre power station. In this case, rate of the Badarpur Thermal Power Station must be a preferred option due to the fact that this load centre power station meets the entire allocation for NDMC and MES. Presently, the surplus capacity is also available with these agencies.
- (iv) For the settlement rate, Commission orders that the fixed cost of Badarpur Power Station, the variable charge for BTPS and a mark up of 10 paise over and above the two charges towards income

tax and any other item which is unforeseen at this stage shall be added.

As per the current indications, the fixed charge for BTPS is Rs. 0. 53 per kwhr and the variable charge is Rs. 2.11 per Kwhr as of 30-6-07. Adding 10 paise per kwhr for all other adjustments, the single settlement rate between the Discom for such transaction is fixed at Rs. 2.75 per kwhr. Any fuel price adjustment to Rs. 2.11 per kwhr beyond 30.06.07 shall be added at actuals to the prescribed rate of 2.75 kwhr.

8. Having decided the procedure and modalities for settlement of inter-company transfers, the Commission is also of the view that certain safeguards will have to be taken to avoid gaming. In view of this the following conditions will be monitored for appropriate action:
  - (i) The drawl pattern of utility surrendering its capacity shall be monitored by the SLDC and any underdrawl by more than 10 per cent of the scheduled energy in each of the 15 minutes time block, shall be treated as 'gaming' and the SLDC shall report such behaviour to the Commission for further action.
  - (ii) As regards the utilities, which are requisitioning such un-requisitioned surplus, their drawl pattern shall also be monitored and in case there is any under-drawl leading to recovery of UI charges from the regional grid, the SLDC shall report such behaviour to DERC for further action in accordance with the provisions of the Act.
9. The Commission would like to place on record its appreciation for the co-operation extended by both NDMC and MES, who would be by-and-large helping the other Discoms by surrendering their surplus capacities on a no loss no profit basis.
10. This Order shall come into effect from the date of issue.

Sd/-  
(K. Venugopal)  
MEMBER

Sd/-  
(Berjinder Singh)  
CHAIRMAN