

पावर ग्रिड कारपोरेशन ऑफ इंडिया लिमिटेड
(भारत सरकार का उद्यम)
POWER GRID CORPORATION OF INDIA LIMITED
(A Government of India Enterprise)



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संदर्भ संख्या / Ref. No.

Ref. No.: C/ENG/SEF/S/00/LTA

Date : 30 March 2012

To

As Per Distribution List

Subject: 14th meeting of Southern Region constituents regarding Connectivity & Long-term Access Applications of IPPs in Southern Region as per CERC Regulations, 2009 – Additional Agenda.

Dear Sir,

This is further to the agenda note forwarded vide letter no. C/ENG/SEF/S/00/LTA dated 12th January, 2012 (copy enclosed for ready reference), please find enclosed the additional Agenda Note for 14th meeting of Southern region constituents regarding Connectivity & Long-term Access Applications of IPPs in Southern Region as per CERC Regulations, 2009.

The agenda & additional agenda is also available at our website www.powergridindia.com >> Long Term Access & Medium Term Open Access information. The date & venue for the meeting shall be intimated separately.

Thanking You,

Yours faithfully

(Pankaj Kumar)

Executive Director (ERP, IT, SEF & CE)

Copy to : ED (Commercial) / ED(SR-I) / ED (SR-II) / CEO (POSOCO)

Encl: Agenda

Additional agenda note for 14th Meeting of Southern Region constituents regarding Connectivity/LTA Applications of IPPs in SR

1.0 ADDITIONAL AGENDA FOR THE MEETING

1.1 To consider reduction of Long-term Open Access quantum from 350 MW to 250 MW for M/s Lanco Kondapalli Power Limited (LKPL)

LKPL was earlier granted LTOA as per CERC Regulations, 2004 as per the details below

Table – 1.1

Sl. No.	Applicant	Installed Capacity (MW)	LTA Granted for (MW)	Time Frame	Target beneficiaries		
					SR	WR	NR
1.	Lanco Kondapalli Power Limited	366	350	Commissioned	0	200	150

1.2 Looking into the small quantum of power transfer requirement and as the above LTOA application envisaged transfer of entire power outside the Southern Region (SR) which as per the grid configuration was likely to take place through principle of displacement from Ramagundam TPS utilizing Chandrapur HVDC back-to-back link. Therefore, the transmission system identified for the grant of LTOA did not envisaged any transmission capacity augmentation of ISTS and comprised of only construction of dedicated transmission line by the applicant from its generation switchyard upto Vijayawada substation of POWERGRID.

Accordingly the LKPL signed Bulk Power Transmission Agreement (BPTA) with Power Grid Corporation of India Ltd. on 02.09.2009 for sharing transmission charges for transfer of power 350MW from SR to WR/NR. The generation project was commissioned in November, 2009 but the firm beneficiaries are yet to be identified.

1.3 Recently LKPL has requested for reduction of LTOA quantum from 350 MW to 250 MW (*copy of letter is enclosed at Annexure-I*), reduction of 50 MW from each target beneficiary i.e. for WR from 200 MW to 150 MW and for NR from 150 MW to 100 MW.

In this regard LKPL had explained that at the time of applying for LTOA in the year 2009, LKPL had no fuel (gas) allocation by Govt. of India and now pursuant to the policy framed by the Empowered Group of Ministers (EGoM) for gas utilization, the Ministry of Petroleum and Natural Gas (MoPNG) made an allocation of gas limited

only upto 70% PLF to LKPL from M/s Reliance Industries KG-D6 gas fields in August 2009.

Accordingly LKPL have requested that as the gas allocation is made only upto 70% PLF, so the generation shall also be limited to 70% of the Installed Capacity i.e. maximum upto 250 MW only. Accordingly LKPL requested for reduction of LTOA from 350 MW to 250 MW.

- 1.4 The Regulation 12(1) of “Grant of Connectivity, Long Term Access and Medium Term Open Access in inter-state Transmission and related matters, Regulations 2009” given below deals with the change of capacity

“Provided also that in cases where there is any material change in location of the applicant or change by more than 100 MW in the quantum of power to be interchanged using the inter-State transmission system or change in the region from which electricity is to be procured or to which supplied, a fresh application shall be made, which shall be considered in accordance with these regulations.”

Further Regulation 18(1)(b) provides for relinquishment of the access rights fully or partly

“Long-term customer who has not availed access rights for at least 12 (twelve) years – such customer shall pay an amount equal to 66% of the estimated transmission charges (net present value) for the stranded transmission capacity for the period falling short of 12 (twelve) years of access rights;

Provided that such a customer shall submit an application to the Central Transmission Utility at least 1 (one) year prior to the date from which such customer desires to relinquish the access rights;

Provided further that in case a customer submits an application for relinquishment of long-term access rights at any time at a notice period of less than one year, then such customer shall pay an amount equal to 66% of the estimated transmission charges (net present value) for the period falling short of a notice period of one (1) year, in addition to 66% of the estimated transmission charges (net present value) for the stranded transmission capacity for the period falling short of 12 (twelve) years of access rights.”

Further, as per the Regulations – 2(1)(v) Stranded Capacity has been defined as

‘Stranded transmission capacity’ means the transmission capacity in the inter-State transmission system which is likely to remain unutilized due to relinquishment of access rights by a long-term customer in accordance with regulation 16.

- 1.5 Taking into consideration that (i) ISTS augmentation has not been carried out for the power transfer requirement of arising due to LKPL, (ii) regulation permits change of capacity upto 100 MW without filing fresh application and (iii) regulation also provides for the Long term customer to relinquish his rights.

Proposal : In view of above it is proposed to grant revised Long-term Access for 250 MW to M/s Lanco Kondapalli Power Ltd. after reduction of 100 MW from the above referred application with target beneficiaries as WR – 150 MW and NR – 100 MW as per details given below.

Sl. No.	Applicant	Installed Capacity (MW)	LTA Granted for (MW)	Time Frame	Quantum allocated in the region		
					SR	WR	NR
1.	Lanco Kondapalli Power Limited	366	250	Commissioned	0	150	100

Members may discuss the above proposals and decide.

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LKPL:PGCIL:3430:2012

January 24, 2012

The Executive Director (SEF),
Power Grid Corporation of India Limited,
'Saudamini', Sector 29,
Gurgaon, Harayana

Handwritten notes and signatures:
37/1/2012
R. S. Sankar
D. S. Sankar
D. S. Sankar
D. S. Sankar
D. S. Sankar
D. S. Sankar

Dear Sir,

Sub: Reduction of LTOA from 350 MW to 250 MW

Lanco Kondapalli Power Limited (LKPL) had planned to develop a 1050 MW (3x350 MW) Gas Based Combined Cycle Power as an Expansion Project in a phased manner at Village Kondapalli, Ibrahimpatanam, District Krishna, Andhra Pradesh. The first phase of 350 MW Project was commissioned in November 2009. The power from the project is evacuated through a dedicated Double Circuit Double Strung 400 KV line from LKPL Switchyard to the nearest 400 KV Power Grid Sub-Station at Nunna, Vijayawada, A.P. The dedicated Transmission line and two (2) Nos. 400 KV Bays were constructed by LKPL under the guidance and supervision of Power Grid. Further, 2x371 MW is under development and is scheduled for commissioning during the FY 2011-12 and 2012-13 subject to availability of gas.

At the time of applying for LTOA in the year 2009, LKPL had no long term Power Purchase Agreement or identified beneficiary due to non-availability of fuel (gas) in the absence of any fuel (gas) allocation by the Government of India. Being a more than 1000 MW project, LKPL wanted to get connectivity and power evacuation through the Central Transmission Network. However, as per the prevalent Open Access Regulation 2004, Long Term Open Access has to be obtained before getting connected to the Central Transmission Network. Since, there were no identified beneficiaries due to the reason stated above, it was suggested that LKPL may indicate tentative beneficiaries of the target Region(s) for the purpose of load flow studies and grant of LTOA. Accordingly, LKPL indicated Western Region and Northern Region as tentative target beneficiaries for 200 MW and 150 MW of power respectively. The LoTA was granted to LKPL by Power Grid after discussions and approvals of the Standing Committees of the respective regions. The BPTA was signed on 2.9.2009 for transfer of power (total 350 MW) from SR to WR and NR.

Sir, as per **BPTA and LTOA Intimation** No. C/ENG/SEF/TA/L/S/09/002 dated 6th July, 2009, only dedicated assets viz., Lanco Kondapalli-Vijayawada 400 kV DC/DS line and two nos. of 400 kV bays each at Lanco Kondapalli generation switchyard and Power Grid 400 KV Vijayawada sub-station were installed at the cost of LKPL. No investment was made by PGCIL on account of any new transmission system or for any system strengthening for

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award of the LTOA. Further, as noted in the **Minutes of the Meeting of SR** constituents held on 13.06.2008 regarding grant of LKPL Long Term Open Access (copy attached), it was noted that existing SR-WR link was partially used to award LTOA to Lanco Kondapalli (Page 7, first sentence of the last paragraph).

The Ministry of Petroleum and Natural Gas (MoPNG), in pursuance of the Policy framed by the Empowered Group of Ministers (EGoM) for gas utilisation, finally made an allocation of gas to LKPL from M/s Reliance Industries KG-D6 gas fields in August 2009, but limited only up to 70 % PLF. In the absence of any long term PPA, LKPL was supplying power to the state owned DISCOMs under their tenders for short term (less than 1 year) power procurement. As a result, LKPL has to pay, both, long term open access charges for 350 MW as per the BPTA signed with PGCIL and also the short term open access charges for the power (up to 70% PLF) being supplied to DISCOMs under their short term procurement. Since gas allocation is made by EGoM only up to 70% PLF, the generation is limited to 70% of the Installed Capacity i.e. maximum up to 250 MW only.

Since, the gas allocation and generation from our plant is limited to 70% PLF (250 MW) only, we wish to apply for reduction of LTOA from 350 MW to 250 MW in pursuance of the fourth proviso of Regulation 12(1) (Chapter 5) of the CERC Regulation 2004 and (Grant of Connectivity, Long Term Access and Medium Term Open Access in inter-state Transmission and related matters) Regulations 2009,

It may be pertinent to mention that **Power Grid has so far not denied any LTOA to any applicant** and also there will not be any stranded capacity due to reduction of 100 MW of LTOA by LKPL. In fact, it would help in release of the inter-regional transfer capability and allow the same to be utilized by others. Since existing SR-WR link was utilized and no additional transmission capacity was created for award of Long Term Open Access to Lanco Kondapalli, there will not be any stranded transmission capacity because of part relinquishment of Long Term Open Access.

In the mean time, Energy Department, Andhra Pradesh, and Ministry of Power, Government of India directed LKPL that as per the EGoM Policy for utilisation of Natural Gas, all power generated from the allocated gas should be supplied to state owned DISCOMs. in pursuance of the same, LKPL had given an legally binding undertaking (Copy enclosed) that the entire power being produced from LKPL Stage-II will be supplied to AP State DISCOMs on short term procurement basis up to 31st May 2012 and thereafter under their medium term procurement tender for next four years at a competitive tariff as determined through the tender process. In view of the same, the beneficiary under the open access will now be Andhra Pradesh in the Southern Region. Accordingly, we request Power Grid to amend the beneficiary under the LoTA to Southern Region with target beneficiary as Andhra Pradesh.

The fourth proviso of Regulation 12(1) (Chapter 5 of the CERC (Grant of Connectivity, Long Term Access and Medium Term Open Access in inter-state Transmission and related matters) Regulations 2009 considers reduction of LTOA by more than 100 MW as "material change". The proviso is reproduced below for ready reference:

*"Provided also that in cases where there is any **material change** in location of the applicant or change by **more than 100 MW in the quantum of power** to be interchanged using the inter-State transmission system or change in the region from which electricity is to be procured or to which supplied, a fresh application shall be made, which shall be considered in accordance with these regulations."*[Emphasis Added]

Lanco Kondapalli Power Limited (LKPL), therefore, requests for a reduction in LTOA by 50 MWs in each of two regions – NR and WR with a total reduction of 100 MW – which is not a "material change" and is therefore not required to make any fresh application for reduction in LTOA under the above requirements of the CERC regulations. Hence, this letter may therefore be considered for reduction of LTOA and for transmission charges which may now be computed based on LTOA of 250 MW and also for the amendment of target beneficiary Region as Southern Region and target beneficiary state as Andhra Pradesh for the purpose of payment of Point of drawl charges.

Further, since existing SR-WR link was utilized and no additional transmission capacity was created for award of Long Term Open Access to Lanco Kondapalli, there will not be any stranded transmission capacity because of part relinquishment of Long Term Open Access. The list of "Applications Granted Long Term Open Access / Long Term Access by POWERGRID" (row 1, document attached) on the website of Power Grid Corporation of India Limited further substantiates that no common assets were created for grant of open access to LKPL.

Lanco Kondapalli, therefore requests PGCIL for grant of reduction of LTOA from 350 MW to 250 MW and amendment of beneficiaries as requested above at the earliest in view of allocation of gas only up to 70% and the Government directive for supply of power to Andhra Pradesh DISCOMs.

Thanking you,

Very truly yours,
for **LANCO KONDAPALLI POWER LIMITED**



RAKESH KUMAR GUPTA
CHIEF OPERATING OFFICER

Encl.: As above