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GMR Vemagiri Power Generation Limited



Corporate Office:
Airport Building 302, 1st Floor
New Shakti Bhawan
New Indira Bhawan Complex
Near Terminal 3, IGI Airport
New Delhi-110037
DIN U23201KA199/PLC032964
+91 11 49882200
www.gmrgroup.in

GMR/GVPGL/2017/DFI/062

Date: 26th December 2017

The Chief General Manager (Planning, PPA & RA),
Eastern Power Distribution Company,
P&T Colony, Seethammadhara,
Vishakhapatnam- 530013,
Andhra Pradesh, India

Dear Sir,

Subject: Objections/ Suggestions on the Public Notice for ARR filed before the APERC by APEPDCL in respect of Retail Supply Business for FY 2018-19

With reference to your Public Notice dated 08th December 2017 by APEPDCL, please find attached our objections/ suggestions in the requisite format for your kind consideration.

Yours sincerely,

For GMR Vemagiri Power Generation Limited

Authorized signatory



Copy to:

The Commission Secretary
Andhra Pradesh Electricity Regulatory Commission
D.No. 11-4-660, 4th Floor, Singareni Bhavan, Red Hills,
Hyderabad-500004, Telangana



Regd. Office:
Swig House, 75/1, Museum Road,
Bangalore 560 025
Plant Office:
Vemagiri, Kadum Mandal,
East Godavari Dist., A.P-533125.

Name & Full Address of the Objector	Brief details of Objection (s)/ Suggestion (s)	Objection against Proposals of APEPDCL	Whether copy of objection & proof of delivery at Licensee's Office enclosed (Yes/No)	Whether Objector wants to be heard in person
<p>Corporate Office: GMR Vemagiri Power Generation Limited Building No. 302, Ground Floor, New Sakthi Bhawan, Terminal-3, Opp. ATS Complex, International Terminal Indira Gandhi International Airport, New Delhi-110037</p>	<p>DISCOMs shall consider the scheduling of power from GVPGL under the PPA with Natural Gas and revise their ARR projections on power availability accordingly.</p> <p>Even though natural gas supply from RIL-KG Basin fields was stopped from 01.03.2013, ONGC has started production of Natural Gas from K.G. Basin and offered to supply the same to GVPGL from 08.10.2016.</p> <p>The Statement of DISCOMs that any natural gas from K.G. Basin shall be considered only if the same is allocated by MoPNG to the IPPs is wrong. It may be noted that GOI, vide Notification No. O-22013/27/2012-ONG-D-V (VOL-II) dated 21.03.2016 notified the Marketing including pricing freedom to producers for the Gas to be produced from Discoveries in Deep water, ultra-Deepwater and High pressure & High Temperature Areas.</p> <p>Further, MOPNG, vide its letter dated 12.05.2017 to GVPGL, also clarified that no allocation of Gas from the fields of ONGC (S-1 & VA) is warranted in line with GOI Notification dated 21.03.2016.</p> <p>The price of Natural Gas from domestic discoveries is being regulated by GOI in accordance to the formula notified vide notification no. O-22013/27/2012-ONG-D-V (VOL-II) dated 21.03.2016.</p> <p>As per PPA, there is no restriction on cost of gas nor source of gas. The PPA stipulates that the cost of Gas is pass through and accordingly to be borne by DISCOMs. When the gas is sourced from other than KG D6 then cost of gas notified by GAIL shall be the bench mark price for reimbursing cost of gas.</p> <p>As such, GVPGL is declaring plant availability to AP&TS DISCOMs from 28.05.2017 with Natural Gas from ONGC to be supplied by GAIL. The said declaration is in accordance with and in compliance with the terms of existing PPA. Accordingly, invoices are being submitted to AP&TS DISCOMS claiming Power Charges under</p>	<p>Point 6 at Page xii "ARR Projections for FY 2018-19" under "IPPs Gas"</p> <p>Point 3.3.4 at Page 20 under "New Gas based IPPs"</p> <p>Point 3.7 at Page 29 under "New Gas based IPPs"</p>	<p>Yes</p>	<p>Yes</p>

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<p>the provisions of PPA.</p> <p>Therefore, the Commission shall take note of the above when ARR is finalized.</p> <p>Back Ground:</p> <p>GVPGL PPA provisions:</p> <ul style="list-style-type: none"> ➤ PPA provision Article 1.1.27 Fuel: means Natural Gas only. ➤ Article 3.3, Case-1 of PPA, "C" is the cost of fuel delivered at metering point is inclusive of cost of Gas and transportation charges, and other taxes as per the invoices given by the GAIL. ➤ Per PPA terms it is the responsibility of Generator to source the Natural Gas <p>Natural Gas availability in the FY Year 2018-19:</p> <ul style="list-style-type: none"> ➤ As per the indications from ONGC and GAIL, Natural Gas supplies will increase up to 5.45 MMSCMD from April 2018. <p>Impact on DISCOMs if they don't consider the Natural Gas availability in ARR:</p> <ul style="list-style-type: none"> ➤ DISCOMs would be obligated to pay Capacity Charges (fixed Charges) to GVPGL under the provisions of PPA without availing power. <p>Suggestion:</p> <p>In view of above, DISCOMs shall consider off-taking of power from GVPGL and revise their ARR submissions.</p> <p>The Commission shall take note of the above when ARR is finalized.</p>	<p>Point 6 at Page xiv: "ARR Projections for FY 2018-19" under "Short Term/Bilateral Purchase"</p> <p>Point 6 at Page xv: "ARR Projections for FY 2018-19" under Point a) "Power Purchase Cost Estimate for FY 2018-19" under "IPP's Gas"</p>
<p>Discoms while purchasing power under short term/ bilateral from market, they should first consider the availability declarations of power from GVPGL to avoid future fixed cost payment obligations.</p>	
<p>GVPGL is declaring plant availability to AP&TS DISCOMs from 28.05.2017 with Natural Gas from ONGC to be supplied by GAIL.</p> <p>Accordingly, invoices are being submitted to AP&TS DISCOMS claiming Fixed Charges as per provisions of PPA.</p> <p>As such, the Commission shall take into cognizance the availability declarations by GVPGL and fixed cost liabilities thereof.</p>	

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