

**BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION  
GANDHINAGAR**

**Petition No. 2228 of 2023.**

**In the Matter of:**

**Petition under Sections 86 of the Electricity Act, 2003 read with GERC's MYT Regulations, 2016 and SLPP Phase-I's PPA with GUVNL to seek the Commission's approval for proposed Renovation, Modernization and Life Extension (R&M and LE) of SLPP Phase-I's 2\*125 MW Unit 1 & 2 , additional capitalization of expenditure and recovery by adjustment in tariff and extension of PPA with modified terms by 10 years.**

Petitioner : Gujarat Industries Power Company Limited,  
P.O. Ranoli, Vadodara-391350, Gujarat

Represented By : Mr. S. Mani.

V/s.

Respondent : Gujarat Urja Vikas Nigam Limited  
Sardar Patel Vidyut Bhavan,  
Race Course Circle, Vadodara-390007.

Represented By : Ld. Adv. Ms. Kriti Soni alongwith Mr. Rahul Pareek.

**CORAM:**

**Anil Mukim, Chairman  
Mehul M. Gandhi, Member  
S R Pandey, Member**

**Date: 05/12/2023.**

**DAILY ORDER**

1. The above matter was listed for hearing on 09.11.2023.

2. Mr. S. Mani, appearing on behalf of the Petitioner submitted that the present Petition is being filed under Section 86 of the Electricity Act, 2003 read with GERC (Multi Year Tariff )Regulations,2016, GERC (Conduct of Business)Regulations, 2004 as well as SLPP-I's Power Purchase Agreement (PPA) dated 15.04.1997 and subsequent amendments executed in the years 2003 & 2005 with the erstwhile Gujarat Electricity Board, the predecessor of Gujarat Urja Vikas Nigam Ltd.
3. It is submitted that the Petitioner a generating company has established 250 MW Surat Lignite Power Project Phase- (SLPP-I) comprising of 125 MW Units 1 & 2 at village Nani Naroli, Taluka-Mangrol of Surat District. This Power Plant falls under the category of State Government controlled IPP and entered into a 30-year PPA with the erstwhile Gujarat Electricity Board (predecessor of GUVNL) in the year 1997. The PPA is based on two-part tariff with pass-through of costs as per normative parameters and therefore falls under Section 62 of the Electricity Act, 2003. SLPP-I commenced Commercial Operation in Feb.2000.
4. It is further submitted that Currently 125 MW Unit-1 has clocked more than 1.63 Lac running hours and Unit-2 more than 1.66 Lac running hours. This Power Plant has completed 23 years of successful operation and is nearing the end of its design / useful life of 25 years. The overall performance of SLPP-I is satisfactory, and it is a benchmark for other CBC based lignite power plants of this size.
5. It is submitted that due to ageing and deterioration in fuel (Lignite) quality, currently SLPP-I is facing numerous operational challenges in running the power plant at the normative level. To overcome the challenges, improve the availability, reliability, performance and additionally to extend the useful life of the Power Plant by 15 years i.e. up to 40 years, the Petitioner GIPCL proposes to carry out Renovation, Modernization and Life Extension exercise with due approval of beneficiary GUVNL and the Commission.
6. It is further submitted that Respondent, GUVNL is the Sole Power Procurer and Beneficiary of Power generated by 250 MW SLPP-I. In response to GIPCL's proposal for Renovation, Modernization and Life Extension of SLPP-I, Respondent GUVNL has given in-principal approval and urged GIPCL to seek the Commission's approval for the proposal, additional capital expenditure and adjustment in tariff for recovery of costs.

7. Based on the above, it is submitted that the Commission may admit the present Petition and to allow (i) to proceed with Renovation, Modernization and Life Extension exercise (ii) to extend PPA term by 10 years till the year 2040 (iii) to allow the Petitioner to submit the detailed Project reports, final expenditure, time schedule and impact on tariff at a later stage once DPR is finalized (iv) to approve to implement the Renovation and Modernization as per the Rolling plan by availing extended shutdown along with planned overhauls. (v) to allow additional capitalization of expenditure along with carrying cost due to Rolling Plan which would take approximately 4-5 years and suitable adjustment in fixed tariff. (vi) Review and grant relaxation in PPA parameters in view of technical and commercial aspects enumerated in the Petition for the continued optimal performance and commercial viability of SLPP-I post renovation exercise till the extended term of PPA. (vii) Relaxation is requested in order to align the efficiency parameters in line with MYT Regulation, 2016 and allowed for similar CFBC based Lignite Power Plants in the State.
8. Ld. Adv. Ms. Kriti Soni, appearing on behalf of the Respondent GUVNL, submitted that the Respondent has no objection to admission of the present Petition and requested for some time to file its reply in the matter.
9. We have considered the submissions made by the parties. We note that the present Petition is filed under Section 86 of the Electricity Act, 2003 read with GERC (MYT) Regulations, 2016, GERC (Conduct of Business) Regulations, 2004 as well as SLPP-I's Power Purchase Agreement (PPA) dated 15.04.1997 and subsequent amendments executed in the years 2003 & 2005 with the erstwhile Gujarat Electricity Board, the predecessor of Gujarat Urja Vikas Nigam Ltd. Accordingly, the Petitioner is a generating company within the meaning of Section 2 (28) of the Electricity Act, 2003 and the Respondent GUVNL is a licensee procuring power from the aforesaid Project of the Petitioner in terms of PPA executed between the parties.
10. We note that the Petitioner seeks approval for the proposal to carry out Renovation, Modernization and Life Extension of 125MW units No 1 and 2, relaxation in Normative PPA parameters post R & M exercise and extension of PPA term by 10 years on modified terms beyond the current term of PPA. We note that the Respondent having no objection to admission of the present matter. We decide to admit the Petition.
11. We note that the Respondent GUVNL has not submitted their reply in the present matter and have sought time for the same. Therefore, the Respondent GUVNL is directed to file their reply in the present Petition, if any, within two weeks' time

from the date of this Order with a copy to the Petitioner. The Petitioner is also at liberty to file rejoinder reply, if any, with a copy to the Respondent within two weeks' time after receipt of reply from the Respondent.

12. Next date of hearing will be intimated separately.

13. Order accordingly.

**Sd/-**  
**[S R Pandey]**  
**Member**

**Sd/-**  
**[Mehul M. Gandhi]**  
**Member**

**Sd/-**  
**[Anil Mukim]**  
**Chairman**

Place: Gandhinagar.

Date: 05/12/2023.

