

**BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY
COMMISSION**

Keonthal Commercial Complex, Khalini, Shimla - 171002

Petition No: 192/2002

In the matter of:

Filing of Petition for approval of Energy Banking Arrangement already entered into by HPSEB with other State Electricity Boards/Electric Utilities under the provisions of section 22(1)(c) of the Electricity Regulatory Commissions Act, 1998 read with Regulation 27 of HPERC Conduct of Business Regulations, 2001 and the amendment to Guidelines for load forecast, resource planning and power procurement process issued vide HPERC Notification dated 1.06.2002.

AND

In the matter of:

Himachal Pradesh State Electricity Board (HPSEB)

..... **Petitioner**

ORDER

1. The issue arose out of the amendment effected in Chapter V of the notification of the Guidelines for Load forecasts, Resource planning and Power Procurement Process issued by the Himachal Pradesh State Electricity Regulatory Commission vide notification No. HPERC/081/2001 dated 3rd August, 2001. As per the said amendment effected vide Commission's notification dated 1.06.2002, the energy banking arrangement already entered into by the Himachal Pradesh State Electricity Board with other State Electricity Boards/Electric utilities required the ex-post-facto approval /ratification by the Commission within 30 days of the date of issue of the notification dated 1.06.2002 i. e. by 1.07.2002.
2. Since HPSEB failed to submit any petition or information on the energy banking arrangement(s) already entered into by it with other State Electricity Boards/Electric utilities by the due date i. e. 1.07.2002, the Commission vide letter No.HPERC/ED (TA)/378/ RSJ/2002-5758 dated 5.08.02 directed HPSEB to make the filing, if any, in the matter by 24th August, 2002 together with the reasons for the condonment of the delay.
3. A petition praying for approval of the model agreement containing the terms and conditions for the bilateral exchange of energy between the Punjab State

Electricity Board (PSEB) and the Himachal Pradesh State Electricity Board was filed on behalf of the HPSEB by the Chief Engineer (Commercial), HPSEB, Shimla vide letter No. HPSEB/CE (Comm)/SERC-1 (Load Forecast)/2002-534 dated 26.08.2002. The said petition interalia also contained submissions in support of the condonment of the delay for the Board having not filed the petition by the due date of 1st July, 2002.

4. The aforesaid petition reveals that the two Boards intend to enter into the energy banking agreement, as PSEB is deficit in energy during summer and surplus for rest of the year whereas HPSEB is deficit in energy during winter and surplus during summer. The agreement essentially provides for the supply of power by PSEB to the HPSEB during the winter months of November to March and return by HPSEB of the energy so banked by PSEB with 5% premium in summer months i. e. June to September of the following year. However, on preliminary scrutiny of the petition, it was noticed that it did not contain any information/data to justify that this agreement for bilateral exchange of energy between HPSEB with PSEB formed the most efficient and economical arrangement to meet the power shortages in Himachal Pradesh during the winter months. The Commission, therefore, vide No. HPERC/ED (TA)/ 396/BSB/2002-7817 dated 3.12.2002 directed HPSEB to furnish the requisite information/ data in support of above by 31.12.2002.
5. The Petitioner vide letter No. HPSEB/CE (Comm)/Load Forecast-Energy Banking/02-11734 dated 26.12.02 submitted the above information and also a copy of the mutually agreed draft agreement for the bilateral exchange of energy between HPSEB and PSEB under the “Energy Banking Scheme” for November 2002 to September 2003, which had been forwarded to PSEB for their ratification. On Commission’s directions, the copy of the above agreement finally entered into between HPSEB and PSEB was submitted by HPSEB vide letter No. HPSEB/CE/(Comm)/Load Forecast-Energy Banking/02-12739 dated 1.02.03.
6. In justification of the aforesaid arrangement being the most efficient and economical arrangement to meet the power shortages in Himachal Pradesh during the winter months, HPSEB in their letter No. 11734 dated 26.12.2002 stated that during winters there were large variations in demand pattern due to fluctuating weather conditions and this arrangement provided them flexibility to the extent that scheduling of power from PSEB could be regulated as per their requirement in

real- time. The additional liability of providing 5 % extra power to PSEB, was offset by the fact that banked PSEB energy is returnable by them after a period of six months, thus making the arrangement virtually at par for both the Boards. The justification for providing 5 % extra power to PSEB was, however, not supported by any economic/ financial analysis.

7. From the energy banking agreement finally entered into between HPSEB and PSEB and the information furnished by HPSEB to the Commission vide aforesaid letter dated 26.12.2002, the net deliverable energy to PSEB during 2002 - 03 under clause 2.2 of the agreement was required to be scheduled as 1725 LU (approx.) instead of 1760 LU. HPSEB vide letter No. HPSEB/CE/(Comm)/SERC-1/2003-14182 -83 dated 29.03.03 submitted that month-wise energy schedules indicated under clause 2.1& 2.2 of the agreement were only tentative in nature and the energy banked/to be banked by PSEB during winter months of November 2002 to March 2003 would be regulated as per provisions made under clause 5.1 and 6.0 of the said agreement.
8. On scrutiny/financial analysis of the Energy Banking Agreement in reference and also keeping in view the information / data furnished by HPSEB, the Commission finds that the said Agreement has been the most economical, efficient and reliable option in meeting the power shortage in Himachal Pradesh during the winter months from November 2002 to March 2003. Accordingly, the Himachal Pradesh Electricity Regulatory Commission, in exercise of the powers conferred on it by Section 22 (1) (c) of the Electricity Regulatory Commissions Act, 1998 (Act 14 of 1998) and Regulation 27 of the Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2001, hereby accords ex-post facto approval to the Agreement for the Bilateral Exchange of Energy between PSEB and HPSEB under “Energy Banking Scheme” for the period November 2002 to September 2003.

It is so ordered.

Dated: Shimla, the 14th May, 2003

(S.S.Gupta)
Chairman