

**Policy for Supply of Surplus Electrical
Power to Group companies & GEB/
Licencees, wheeling of Power, etc. by
Captive Power Projects.**

**Government of Gujarat
Energy & Petrochemicals Department
Resolution No. CPP 1179/2253/PP Cell
Sachivalaya, Gandhinagar.
Dated the 9th November, 1998**

RESOLUTION

Read : Power Policy of the State of Gujarat announced in December, 1995.

1. State Government had announced its Power Policy in December, 1995 Government of Gujarat hereby declares the policy for supply of surplus electrical power to group companies and Gujarat Electricity Board (Hereinafter referred to as GEB)/ Licensees, Wheeling of Power, etc by Captive Power Projects.
2. This Policy comes into force at once
3. Setting up of captive power plant and supply of surplus electrical power to group companies:

a) Any industrial undertaking intending to set captive power plant requires previous consent of GEB under section 44(1) of the Electricity (Supply) Act, 1948, subject to compliance of the conditions laid down therein GEB would give such consent/s and permit to supply surplus electrical power from such captive power plants to its group companies Sanction of the State Government as required under section 28 of the Indian Electricity Act, 1910, subject to compliance of the conditions for the same, would be granted for power supply to group companies as defined hereunder.

b) Group Companies:

For the purpose of this resolution the Companies shall be deemed to be under the same group if any one of the following conditions are satisfied.

i) Not less than 26% of the voting power in respect of the both the Companies are exercisable by same individual or body corporate.

ii) Either a power receiving company or a power supplying company (from the captive power plant) when continues to hold at least 26% of issued share capital in the other company.

c) Tariff for supply to the group company :

Section 28 of the Indian Electricity Act, 1910, empowers the State Government to prescribe terms and conditions relating to Electricity Supply and Tariff for such supply. In exercise of the said power, it is resolved that a company supplying electrical energy to any group company would recover energy charges from its group companies in proportion to energy consumed on pro-rata cost sharing and on no profit no loss basis. The price and method of charging shall not be volatile of any of the provisions of the Indian Electricity Act, 1910, and the Electricity (Supply) Act, 1948 or of any of the guidelines issued by the Central or State Government or any statutory authorities. However, the Electricity Duty and Tax

on Sale of Electricity would be payable in respect of power wheeled/supplied on the rate at which power is supplied by GEB/ Licensee to group companies. In this respect, Agreement shall have to be executed between the parties.

d) Payment of Electricity Duty and Tax on Sale of Electricity :

The electrical energy supplied/wheeled to different recipient units of group companies from the captive power plant of a supplying company would be subjected to payment of Electricity Duty as per schedule I of the Bombay Electricity Duty Act, 1958 and Tax on Sale of Electricity as per the provisions of Gujarat Tax on Sale of Electricity Act, 1985, as amended from time to time.

4. Wheeling of power:

Wheeling of electrical power from captive power plant of an industrial company to the other industrial units within the same company or to any all industrial units of its group companies will be allowed on the following terms:

A) Wheeling terms :

(i) recipient shall have to maintain minimum contract demand equivalent to power to be wheeled. Any excess drawl of power beyond contract demand shall be charged as per Board's/Licensee's applicable tariff.

(ii) No night hour tariff concession shall be admissible for power consumed/drawn from the gird during night period.

(iii) No night hour tariff concession shall be admissible for power consumed/drawn from the gird during night period

(iv) Cost of new sub-stations, augmenting existing sub-stations/transmission lines/strengthening of existing lines etc. wherever needed for power evacuation from the captive power plant for wheeling purposes shall be borne by the owner of the captive power plant.

(v) Minimum quantity of power to be wheeled shall not be less than 5% of the installed capacity of the captive power plant of 5 MW, whichever is more, among the group companies taken all together, subject to the condition that supplying company consumes at least 50% of the generated power. If quantum of wheeled power is less than 5MW wheeling charges payable will be calculated on normative basis as if 5MW power has been wheeled.

(vi)

(a) Industries which are situated in compact and contiguous areas and do not require the support of GEB/ Licensee system for wheeling purposes shall be allowed to meet one another's requirements from the CPP without any minimum limit as specified herein above subject to conditions laid down under sanction granted under section 28 of the Indian Electricity Act, 1910.

(b) The wheeling account shall be settled at the end of every calendar month in the following manner.

❖ For the period between 6.00 hours to 22.00 hours-Slot-I.

❖ For the period between 22.00 hours to 6.00 hours next day-Slot-II.

Energy wheeled should be accounted separately for each Slot without giving credit in the other Slot. Any excess units supplied, resulting in net supply to Gujarat Electricity Board are to be treated as unintended flow and are not to be accounted for.

(vii) In case where captive power plants deliver energy in excess of the energy consumed by the recipient unit's (after accounting for the system loss), GEB/licensee shall not be liable to make payments towards such excess energy supplied being inadvertent flow when GEB/Licensee does not require that same.

(viii) Wheeling of power shall not be allowed when system frequency is 51 Hz and above.

(ix) Load restrictions measures shall not be applied on recipient units for the power wheeled from the captive power plants.

(x) Normal wheeling of power shall be at power factor as near to unity as possible (within band of 0.95 lag and lead). At the same time whenever Gujarat Electricity Board has asked for supply of Net Power into Gujarat Electricity Board's system from captive power plant, adequate amount of relative power will have to be supplied by captive power plant i.e. at power factor of 0.8 lag or lower.

B) Wheeling charges :

Recipient unit shall pay to GEB/Licensees wheeling charges at the rate of 13.5 paisa per Kwh and at 21 paisa per Kwh for power delivered at EHV and HV respectively. These charges shall be valid for the Financial Year 1998-99 and shall be subject to revision from time to time. The wheeling charges shall be worked out for every year on the basis of Power Grid corporation of India Ltd's method adopted for calculation of wheeling of central sector's power to GEB/Western Region.

5. Purchases of surplus Power :

GEB, may at its option and depending upon the system requirement, purchase surplus power from the captive power plant. The rate for purchase of such surplus power would depend on the fuel being used and would be on fuel cost plus basis. where fuel cost will be decided by GEB on normative basis for each quarter for each type of fuel and gross calorific value. This normative prices would be decided on the basis of National Oil Companies' Prices for fuels meant for power generation & Fixed cost payment of 30 paisa and 20 paisa per unit will be given for peak and off peak hours respectively.

The fuel utilisation rates depending on fuel would be calculated based on SHR of 1900 KCal/Kwh for liquid/gaseous fuel and SHR of 2400 Kcal/Kwh for solid fuel with auxiliary consumption of 3% and 9% respectively.

The technical arrangement/ evacuation system needed to supply surplus power would be worked out between Captive power plant unit and GEB/ Licensee mutually and the same will be implemented ordinarily by or through the Company putting up captive Power Plants as per GEB's specifications.

6. Banking:

Banking of electrical power with GEB/Licensee would not be permitted.

7. Standby Generating Sets :

Permission for Installation of standby generating sets to work as additional source of power would be permitted up to 2 (two) times the consumers contract demand/contracted load with GEB/ Licensee or demand equivalent to capacity of its own regular source of power supply.

Additional source of power means generating capacity available in addition to its own regular source of power or that availed from GEB/Licensee.

8. Contract Demand :

The industries on commissioning of captive power plants will be allowed to reduce their existing contract demand upto a level of 25% of their original contract demand (e.g. if the contract demand is 1000KVA it can be reduced to any level upto 250 KVA depending upon the need of the consumer) when they intend to have parallel operation with the Grid. However, no contract demand would be necessary/ would be insisted upon if the industry with the captive power plant intends to operate on stand alone basis.

In case of new connections, the contract demand for parallel operation may be fixed as per the requirement of the consumer.

Drawal of power from the State Grid by the industrial unit would be subjected to applicable tariff of GEB/Licensee.

9. Fees and Charges :

- a) While granting the consent for installation of Captive Power Plant, the fees shall be charged as decided by GEB/Licensee.
- b) Parallel operation charges shall be charged at the rate fixed by GEB/ Licensee with the approval of the Govt.

10. All the adhoc arrangements allowed for wheeling and reduction of contract demand shall be regularized in accordance with the provisions contained in this resolution.

11. The electricity Duty payable by industrial undertakings on self generated consumption as contemplated under Bombay electricity Duty act, 1958, will be as per the rates specified under Schedule-II of the said act as amended from time to time revised rates of Electricity duty will be applicable to all cases of Captive generation/ Consumption after completion of period of exemption as per the provisions of Bombay Electricity Duty Act, 1958.

12. The State Govt. may review this policy in future in the light of actual experience gained so as to effectively fulfill the objectives of State Power Policy, 1995.

13. The Government Resolution Energy & Petrochemicals Department's No. CPP-1197?Gol-65>PP Cell dated 22.12.1997 is hereby withdrawn.

14. This issues with the concurrence of the industries & Mines department and Finance department dated 9th September, 1998.

By order and in the name of Governor of Gujarat.

(Sanjay Gupta)
Joint Secretary to Govt. of Gujarat
Energy & Petrochemicals Department

To ,

The Secretary to H.E.to the Governor of Gujarat (By Letter).
The Principle Secretary to Hon'ble Chief Minister
The Personal Secretary to Leader of Opposition Party, Gandhinagar.
The Personal Secretary to Hon'ble Minister (Industries)
The Personal Secretary to Hon'ble Minister (Finance)
The Personal Secretary to Hon'ble Minister of State (Energy)
The Chief Secretary to the Government Of Gujarat, Gandhinagar
The Additional Chief Secretary, Industries & Mines Deptt. Gandhinagar.
The Chairman, Gujarat Electricity Board, Baroda.
The Member (Finance), Gujarat Electricity Board, Baroda.
The Member (Technical), Gujarat Electricity Board, Baroda.
The Commissioner of Electricity, Gandhinagar
The Industries Commissioner, Gandhinagar.
The Managing Director, The Ahmedabad Electricity Company Ltd., Ahmedabad.

The Managing Director, Gujarat Power Corporation Ltd., Ahmedabad.
The Managing Director, Gujarat Industries Power Company Ltd., Ahmedabad.
The Managing Director, Gujarat Industries Power Company Ltd., Baroda.
The Managing Director, The Surat Electricity Company Ltd., Surat
The Select File.