

**BEFORE THE KARNATAKA ELECTRICITY REGULATORY COMMISSION  
BANGALORE**

**Dated this 30<sup>TH</sup> DAY OF NOVEMBER 2006**

- |    |                     |    |          |
|----|---------------------|----|----------|
| 1. | Shri K.P.Pandey     | .. | Chairman |
| 2. | Shri H.S.Subramanya | .. | Member   |
| 3. | Shri S.D.Ukkali     | .. | Member   |

**Case No.OP 25 / 2006**

**Between:**

SCM Sugars Ltd.,  
17, 7<sup>th</sup> Main,  
13<sup>th</sup> Cross, 2<sup>nd</sup> Stage,  
Indiranagar,  
**BANGALORE**

**Vs**

State of Karnataka and others

To:

1. The Secretary  
Department of Energy,  
M.S.Building,  
Dr.Ambedkar Veedhi,  
**BANGALORE-560001**

2. The Managing Director,  
Karnataka Power Transmission Corp.Ltd.,  
Cauvery Bhavan,  
**BANGALORE-560009**

3. The General Manager(Technical)  
Karnataka Power Transmission Corp.Ltd.,  
Cauvery Bhavan,  
**BANGALORE-560009**

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4. The Superintending Engineer,  
Karnataka Power Transmission Corp.Ltd.,  
Cauvery Bhavan,  
**BANGALORE-560009**

5. The Managing Director  
BESCOM, K.R.Circle,  
**BANGALORE-560001**

The Petitioner is running a sugar factory and a cogen plant at Koppa village, Maddur Taluk, Mandya District. It had entered into a PPA with the KPTCL for setting up a cogeneration plant with 15 MW capacity on 30.03.2001. It had also obtained an order dated 19.01.2002 from the Government of India for the enhanced capacity of the sugar factory and also an order from the GOK for enhanced capacity of the cogeneration plant on 11.12.2001. The supplemental PPA had been entered into on 22.03.2002 which had been approved by the Commission. It was agreed thereto that the KPTCL would purchase 13 MW exportable energy during the crushing season and 24 MW exportable energy during the off-season.

By their letter dated 05.07.2003, KPTCL had informed the Petitioner that the PPA entered into on 30.03.2001 for the proposed 26 MW capacity cogeneration plant has been terminated with immediate effect. It was further stated in the said letter that, in case the Petitioner intended to continue to develop the project and sell power to KPTCL, it might enter into a fresh agreement as per the tariff, terms and conditions approved by KPTCL by submitting necessary relevant documents. Being aggrieved by the above termination, the Company had filed a Writ Petition before the Hon'ble High Court of Karnataka in WP No.550/2004. The Hon'ble High Court in its interim order dated 26.03.2004 had directed the Petitioner company to supply the power generated by them at the rate of

Rs.2.80 KWHR subject to final accounting. The Writ Petition was finally disposed off on 29.032006 by directing the Petitioner to approach the Commission under the Electricity Act, 2003 for adjudication of disputes. Hence, this petition.

Both the parties were heard on the issues raised in the Petition. In the course of hearing, both the parties have filed a Joint Memo as under:

**JOINT MEMO**

“Both the parties have discussed and on such discussion, both the parties have agreed on the following:

1. For the period from 1.4.2003 to 31.8.2006, the tariff to be paid to the Petitioner company will be as per PPA (now revived) and the difference if any shall be paid by the Respondent company.
2. The Petitioner Company shall be paid for the electricity supplied from 1.9.2006 at Rs.3.32 per unit from the base year of 2002-03 with 2% escalation non-cumulatively every year.
3. With the above modification, the PPA shall stand revived from the date of termination and shall continue to be in force till the period agreed to in the PPA.

The above may kindly be recorded and the Petition may please be disposed off in terms of the same.

ADVOCATE FOR PETITIONER

for SCM SUGARS LTD.

ADVOCATE FOR RESPONDENT

for KARNATAKA POWER TRANSMISSION  
CORPORATION LIMITED"

In view of the above settlement between the parties, there is no dispute regarding the continuation of the PPA. Regarding the tariff, the Commission orders that the Petitioner company be paid tariff as per the PPA for the period 01.04.2003 to 31.08.2006. For the tariff to be paid from 01.09.2006 onwards, the parties shall file a modified PPA before the Commission for approval as per the terms of the settlement agreed to between them.

The Petition is accordingly disposed.

Sd/-  
(K.P.Pandey)  
Chairman

Sd/-  
(H.S.Subramanya)  
Member

Sd/-  
(S.D.Ukkali)  
Member