



## Chhattisgarh State Electricity Regulatory Commission

Civil Lines, G.E. Road, Raipur – 492001

Tel: 0771-4048788, Fax-4073553

### **Petition No. 17/2007(M)**

R.K.M. Powergen Pvt. Ltd. - Petitioner  
V/s.  
Chhattisgarh State Electricity Board, Raipur - Respondent

### **Copy of Order in order sheet dated 10.09.2007**

The PPA submitted by the petitioner has been examined by the Commission. The Commission has the following observations on the PPA:

- (i) Since the PPA is being entered into by the CSEB and it is the only buyer, the term 'principal buyer' mentioned in the PPA should either be defined or deleted.
- (ii) The project size is stated to be 1400MW. It is thus a mega power plant, which as per the stipulation of the CERC, has to be treated as inter-State project. The tariff in case of an inter-State project is decided by the CERC and not by the State Commission. The information as to whether the developer wants to proceed with this project as a mega-project or wants to implement the project in phases should be clearly indicated so as to enable this Commission to take a decision with regard to tariff determination. In case this Commission is required to determine tariff this shall be done in two stages. In the first stage, the project cost along with the ceiling of cost per MW shall be approved by the Commission as provisional cost for the first unit and provisional tariff arrived at on the basis of this cost. In the second stage, tariff shall be determined on the basis of actual cost of the first unit after COD, as per the regulations on terms and conditions of tariff notified by the CERC and this Commission. This tariff shall be applicable to the procurement of the entire agreed quantity of power.
- (iii) Schedule 'A' and Schedule 'B' should not form part of the PPA and clause 16.15 which refers to the schedules should be deleted.
- (iv) The entire power of the first unit is proposed to be procured by the CSEB and the Commission is required to fix the tariff of this unit. A clause should be incorporated in the PPA that electricity will be provided by the petitioner company to CSEB to the extent of the agreed quantity at the tariff fixed by this Commission. In case of outage of unit No.1 or II, power supplied by other units also shall be at the same tariff.
- (v) The provision of tariff for early energy i.e. injection prior to COD, shall be infirm power and shall be provided at infirm power rates as per the CERC regulations.
- (vi) The DPR, which was earlier submitted for one unit only includes a clause that supply of coal to the power plant shall be arranged by road transport. No time limit by which rail transport shall be arranged has been mentioned. Transportation of coal by road entails a much higher cost than by rail. A suitable provision should, therefore, be made in the PPA that transportation of coal by road shall be for a period of not more than one year from the COD of

the first unit. Arrangement shall be made for coal transportation by rail transport thereafter. This shall be stipulation for the tariff.

Parties may have to enter into supplementary PPA and incorporate the above.

3. On examination of the petition it is noted that the petition has not been filed by the person who is required to do so under the Act.. While the Commission no doubt can determine the tariff for generation U/S 86 of the Act, the matter regarding approval of PPA falls within the provision of sub-section (1)(b) of Section 86. The Commission is required to approve the PPA by virtue of the powers vested in it to regulate electricity purchase and procurement process of distribution licenses. It would, therefore, be necessary that the distribution licensee, in this case the CSEB, seeks approval of the PPA and not the petitioner who is setting up the generating plant. There is no provision in the Act for a generating plant to obtain approval of the Commission for sale of electricity to a distribution licensee. It is the other way round. Therefore, if the CSEB wants to procure power on long-term basis from the petitioner company it should appropriately submit petition u/S 86(1)(b) of the Act to this Commission.

4. Since we have had a hearing in case, the CSEB should submit the application taking note of our observations in para 2 above. We are adopting this procedure only to curtail the time and speed up the disposal of this matter. The CSEB should also furnish the following information:

- (i) The load forecast submitted by CSEB does not include reduction in losses as per the loss reduction plan notified by the State Government recently, on the basis of the information furnished by the CSEB, according to which AT&C losses will be brought down to 15% by 2012. The losses should further go down in the subsequent plans. This has not been factored into the load forecast. This should be done and the revised load forecast submitted.
- (ii) The detailed project report and the comments of the financial institutions including the latter's assessment of cost should be submitted to the Commission for examination of provisional cost of power.
- (iii) The expected date of financial closure of the first unit should also be indicated.

5. The next date of the hearing of the case was announced on the date of hearing as 19.9.2007 at 11.00 a.m. CSEB should submit the petition as early as possible and also furnish information as above.

6. So far as this petition is concerned it may be filed.

Sd/-  
**Member**

Sd/-  
**Chairman**