

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Shri Bhanu Bhushan, Member**
- 2. Shri R. Krishnamoorthy, Member**

Petition No.59/2007

In the matter of

Revision of the operational parameters and norms for determination of tariff in respect of Talcher Thermal Power Station (TTPS) for 2004-05 to 2008-09 and for directions.

And in the matter of

Grid Corporation of Orissa Ltd.

....Petitioner

Vs

National Thermal Power Corporation Limited

... Respondent

The following were present

1. Shri R.K. Mehta, Advocate, GRIDCO
2. Shri S.K. Sahoo, GRIDCO
3. Shri S N Goel, NTPC
4. Shri S.K. Samvi, NTPC
5. Shri V. Kumar, NTPC
6. Shri D. Kar, NTPC

**ORDER
(DATE OF HEARING : 14.8.2007)**

The applicant, through this application seeks revision of operational parameters in respect of Talcher Thermal Power Station (hereinafter referred to as “the generating station”) as under:

Parameters	2004-05	2005-06	2006-07	2007-08	2008-09
PLF (%)	80.00	80.00	80.00	80.00	80.00
Sp. Fuel oil Cons. (ml/kWh)	1.50	1.25	1.25	1.00	1.00
A.P.C. (%) excluding colony cons.	10.50	10.00	10.00	9.00	9.00
Gross Station Heat Rate (kCal/kWh)	2500	2500	2500	2500	2500

2. In addition, the applicant seeks direction that the respondent shall not retain any profit except ROE of 14% as permitted under the regulations on terms and conditions of tariff specified by the Commission, with a further direction for refund of the profits in excess of 14% to the applicant and also reimbursement of fee and cost of the present application.

3. The generating station was transferred by the State Government of Orissa to the respondent on 3.6.1995 under the provisions of Talcher Thermal Power Station (Acquisition and Transfer) Act, 1994. The tariff for the generating station from 1.4.2000 to 31.3.2004 was determined by the Commission in Petition No.62/2000. The tariff was subsequently revised by order dated 25.9.2006 in Petition No.35/2004, after accounting for the additional capital expenditure incurred by the respondent during 2000-04 on R&M works.

4. The Commission by its order dated 19.6.2002 in Petition No.62/2000 had fixed the operational parameters applicable to the generating station for the year 2003-2004 as under, after considering the past performance as also the efficiency achieved or to be achieved on account of the ongoing R&M works:

PLF (%)	Specific Fuel Oil Consumption (ml/kWh)	Aux.Power Consumption (%)	Station Heat Rate (Kcal/kWh)
75	3.5	11	3100

5. While specifying the terms and conditions of tariff for determination of tariff for the period 2004-2009 under the Central Electricity Regulatory Commission (Terms and

Conditions of Tariff) Regulations, 2004 (hereinafter referred to as “the regulations”) the Commission retained the operational norms earlier approved for the year 2003-04.

6. It has been submitted by the applicant that consequent to R&M works undertaken by the respondent, there is considerable improvement in the operational parameters achieved over the operational parameters specified by the Commission in the regulations. The applicant has worked out the actual achievements during the years 2004-05, 2005-06 and 2006-07 as derived from the bills served by the respondent, as under and accordingly, the applicant seeks revision of operational norms for the generating station. :

Particulars	2004-05	2005-06	2006-07 (Upto Jan' 07)	Remarks
PLF (%)				
Stage-I (60 MWx4)	82.14	94.07	92.57	
Stage-II (100 MWx2)	69.92	73.80	85.81	
Station Total (460 MW)	81.98*	87.58	89.34	*Excluding R&M
APC (%)	10.23	9.82	9.92	
Sp. Fuel Oil Cons. Station Heat Rate	Datan are not available with GRIDCO. The information may be sought from NTPC.			

7. When the operational norms for the generating station for the period 2004-2009 were under consideration, the impact of R&M works being undertaken by the respondent was not clearly known. Therefore, the Commission continued the operational norms as applicable for the year 2003-2004. However, the Commission in

its order 29.3.2004 in Petition No.67/2003 (suo motu) relating to determination of terms and conditions of tariff observed as follows:

“28. With regard to operational norms for Tanda TPS and Talcher TPS, the Commission had missed the same in the draft regulations through oversight. However, this was covered in the order dated 16.1.2004 and it was observed as under:

“There are two generating stations of NTPC, namely Tanda TPS and Talcher TPS which are having steam turbines of 60 MW and 110 MW. The Commission has finalized operational norms for these generating stations of NTPC recently while dealing with tariff petitions on case-to-case basis. Further, these generating stations are undergoing lot of R&M works and the Commission would not like to review the operational norms till the R&M works are completed. NTPC is directed to come before the Commission with a proposal on the revised operational norms after the completion of R&M works in these generating stations. As such, we hold that the operational norms of station heat rate, auxiliary energy consumption and specific fuel oil consumption prescribed by the Commission for the year 2003-04 in respect of above two generating stations of NTPC in the tariff orders for the previous tariff period up to 31.3.2004, shall continue to apply during the tariff period 2004-09 also, till R&M work in these stations is completed”. (Emphasis added)

8. The Commission by its letters dated 23.2.2007 and 13.4.2007, while indicating its intention to review the operational norms for the generating station directed the respondent to furnish the details of actual operational parameters, that is, availability, PLF, auxiliary consumption, station heat rate and specific fuel oil consumption for the years 2004-05 and 2005-2006. In compliance with the above directions, the respondent under its affidavit dated 26.4.2007 has furnished the following details of the operational parameters achieved during the years 2001-2002 to 2005-2006:

Parameter	Unit	Annual Average				
		2001-02	2002-03	2003-04	2004-05	2005-06
Availability*	%	72.62	63.75	72.95	85.59	91.70
PLF	%	61.19	55.95	67.78	79.33	87.60
APC	%	11.58	11.47	10.73	10.58	10.07
Sp. Oil consumption	ml/kWh	2.02	1.60	1.55	0.78	0.40
Gross Station Heat	kCal/kWh	3150	3144	3000	2924	2913

*Time availability of the machine on bar, irrespective of capacity.

9. We have heard Shri R.K. Mehta, Advocate for the applicant and Shri S.N. Goel, GM for the respondent.

10. Shri Goel has opposed revision of operational norms for the generating station mainly on two counts. It has been argued that 25% of the R&M works for the generating station are not yet complete. It has been further submitted that revision of operational norms at this stage should be avoided since major part of the tariff period is already over. In any case, it has been suggested that the norms may be revised from 1.4.2008 since otherwise it may lead to some practical difficulties in computation of availability/PLF. Shri Goel has further stated that the revised operational norms proposed by the applicant cannot be allowed under any circumstances, since it lacks the factual basis for the proposal.

11. We have considered the rival submissions. It has been noted that major part (75%) of R&M works of the generating station is already complete. As a result of the R&M, actual operational parameters have considerably improved on all counts as noticed from the details furnished by the respondent. The respondent has been allowed the revised fixed charges based on the completed R&M activities. We do not find any

reason or justification to continue with the operational norms specified earlier and energy charges worked out based on those norms, consequent to R&M. The benefit of reduction in variable cost consequent to R&M (for which the applicant is paying the higher revised capacity charges) has to be passed on to the applicant. A similar view was taken by the Commission in respect of Tanda Thermal Power Station under similar circumstances. Accordingly, we propose that the following revised norms should apply to the generating station with effect from 1.10.2007 duly taking into account the degradation and operational flexibility. We do not foresee any practical difficulty in such a prospective revision:

Parameter	
Availability (%)	80
PLF (%)	80
Auxiliary Power Consumption (%)	10.50
Sp .Oil Consumption (ml/kWh)	2
Gross Heat Rate (Kcal/kWh)	2975

12. While arriving at the above proposal we have been primarily guided by the actual operational data submitted by the respondent under its affidavit dated 26.4.2007.

13. For giving effect to the above proposal, it will be necessary to amend the relevant provisions of the regulations. Accordingly, we direct that the office shall initiate appropriate action for this purpose and publish the draft amendment of the regulations. Meanwhile, the respondent is directed to place on record, duly supported by affidavit, the operational parameters achieved during the year 2006-2007 latest by 10.9.2007. This will enable us to take a firm view on finalization of the amendment of the regulations proposed.

14. As regards the other prayers made in the application, we point out that the applicant has not been able to lay the necessary foundation in support thereof. It is not the case of the applicant that the respondent has made any excess recovery in violation of the tariff orders issued by the Commission or the regulations. Therefore, the other reliefs claimed by the applicant cannot be granted.

15. With the above, the present application stands disposed of.

Sd/-

**(R. KRISHNAMOORTHY)
MEMBER**

New Delhi dated the 20th August 2007

Sd/-

**(BHANU BHUSHAN)
MEMBER**