

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram

1. **Dr. Pramod Deo, Chairperson**
2. **Shri R. Krishnamoorthy, Member**
3. **Shri S. Jayaraman, Member**
4. **Shri V. S. Verma, Member**

Petition No.110/2006

In the matter of

Petition for `in principle` approval of the estimated project cost and financing plan of 1000 MW (gross) power project being set up by Tata Power Company Ltd. at Chola in Uttar Pradesh.

And in the matter of

Tata Power Company Limited, Mumbai **Petitioner**

Vs

Uttar Pradesh Power Corporation Limited, Lucknow.. **Respondent**

The following were present:

Shri Amit Kumar, Advocate, TPTCL

**ORDER
(DATE OF HEARING: 26.2.2009)**

The petitioner, through this petition filed on 29.9.2006, applied for 'in principle' approval of the estimated project cost and financing plan of its 1000 MW (gross) power project being set up at Chola in the State of Uttar Pradesh.

2. The petitioner has proposed to supply 400 MW of power generated from the generating station proposed to be established by it to the respondent and remaining capacity to other States, including North Delhi Power Ltd in the National Capital Territory of Delhi.

3. The 'in principle' approval has been sought for estimated project cost of Rs.4012.95 crore. It has come on record that the estimated project cost is not based on the suppliers' offers for main plant package, etc since the bids for the power project had not been invited. For this reason, it was not considered appropriate to consider the estimated project cost for 'in principle' approval, as in the opinion of the Commission, consideration of the estimated project cost could prove counter-productive which could adversely influence the bidding process. The Commission further felt that there was also possibility of wide variation between the estimated project cost for which 'in principle' approval had been sought and the cost to be worked out on the basis of bids actually received. The Commission was of the view that clear picture regarding the project cost was likely to emerge after proper evaluation of the bids to be invited by the petitioner. The Commission, therefore, by its order dated 27.6.2007 directed the petitioner to place on record the project capital cost, emerging after complete evaluation of the bids for the main plant packages. The relevant portion of the Commission's order is extracted below:

"4. We feel that no useful purpose would be served by considering the estimated project cost for 'in principle' approval in the present case. In our view, consideration of this cost may even prove to be counter-productive, as it may adversely influence the competitive bidding. Further, there could be wide variation between the estimated cost and the cost to be worked out on the basis of offers actually received. A much clearer picture regarding the project cost is likely to emerge after the bids to be invited by the petitioner have been opened. Financial tie-up etc. could also be finalized only when the project capital cost is worked out based on the bids for the main plant packages. The petitioner is, therefore, directed to place on record the project capital cost, emerging after complete evaluation of the bids received for the main plant packages."

4. The Commission further directed the petitioner to furnish the following additional details, namely -:

- (i) Complete list of contract packages;
- (ii) Prices quoted by qualified L-1 bidders;
- (iii) Summary evaluation reports for all main packages;
- (iv) Detailed basis for deriving the project cost;
- (v) Proposed financing plan;
- (vi) Latest status of the power project and clearances;
- (vii) Any special features of the generating station proposed, and their impact on the project cost; and
- (viii) Unit-wise MW rating and the expected date of commercial operation.

5. The information called for from the petitioner was also directed to be supplied to the respondent who was granted liberty to file its reply to the petition.

6. The petitioner by its letter dated 20.3.2008 requested for extension of time up to 31.12.2008. The extension sought was granted by the Commission and was conveyed to the petitioner under letter dated 7.4.2008. However, since the required information had not been submitted even by the time allowed, the petition was heard on 26.2.2009 when Shri Amit Kumar, Advocate appeared for the petitioner. Learned counsel informed that the petitioner was in the process of compiling the information required by the Commission and prayed for some more time to complete the formalities.

7. The Commission, after the hearing, directed the parties to file their submissions on the maintainability of the petition for determination of tariff in the light of the provisions of the tariff policy notified by the Central Government. For this purpose two weeks time was allowed. The prayer made by learned counsel for the petitioner for grant of extension of time was to be considered along with the issue of maintainability of the petition.

8. The petitioner has not submitted its response to Commission's directions passed after the hearing on 26.2.2009.

9. The petition was filed on 29.9.2006. Even after nearly three years, the petitioner has not firmed up the project cost and financing plan. The petitioner has repeatedly been granted time extension. The information called for has not been supplied so far. It does not seem to be worthwhile to keep the petition pending.

10. Accordingly, the petition is dismissed for default and non-prosecution.

Sd/-	Sd/-	Sd/-	Sd/-
(V. S. VERMA)	(S. JAYARAMAN)	(R. KRISHNAMOORTHY)	(DR. PRAMOD DEO)
MEMBER	MEMBER	MEMBER	CHAIRPERSON

New Delhi dated the 30th June 2009