

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 18/SM/2015

Coram:

ShriGireesh B. Pradhan, Chairperson

Shri A.K. Singhal, Member

Shri A.S. Bakshi, Member

Dr. M.K.Iyer, Member

Date of Order: 30.12.2015

In the matter of

Declaration of commercial operation of Units 20 to 50 of the Mundra Ultra Mega Power Project developed by Coastal Gujarat Power Limited

And

In the matter of

1. Managing Director,
Coastal Gujarat Power Ltd.
34, SantTuka Ram Road, Carnac Bunder,
Mumbai-400 021
2. Managing Director,
Gujarat UrjaVikas Nigam Ltd.
Sardar Patel VidyutBhawan, Race Course,
Vadodara – 390 007, Gujarat
3. Managing Director,
Maharashtra State Electricity Distribution Company Ltd.
4th Floor, Prakashgad, Plot No. G-9,
Bandra (East), Mumbai-400051, Maharashtra
4. The Chairman and Managing Director,
Ajmer VidyutVitaran Nigam Ltd.
HathiBhata, Old Power House, Jaipur Road,
Ajmer-305001, Rajasthan
5. The Chairman and Managing Director,
Jaipur VidyutVitaran Nigam Ltd.
VidyutBhawan, Janpath,
Jaipur-302005, Rajasthan



6. The Chairman and Managing Director,
Jodhpur VidyutVitrان Nigam Ltd.
New Power House, Industrial area,
Jodhpur-342003, Rajasthan
7. The Chairman and Managing Director,
Punjab State Power Corporation Ltd.
The Mall, Ablowal,
Patiala-147 001, Punjab
8. Managing Director,
Uttar Haryana Bijli Vitrان Nigam Ltd.
C-16, Vidyut Sadan, Sector-6, Room No. 329,
Panchkula-194 109, Haryana
9. Managing Director,
Dakshin Haryana Bijli Vitrان Nigam Ltd.
Vidyut Sadan, Vidyut Nagar, Hissar-125 005
10. General Manager,
Western Regional Load Despatch Centre (WRLDC)
Plot No. F-3, Central Road,
MIDC Area, Marol, Andheri (East), Mumbai-400093
11. M/s Black & Veatch Consulting Private Ltd.
Pride Parmar Galaxy,
10/10 + A 3rd Floor, Sadhu Vaswani Chowk,
Pune-411 001, Maharashtra

.....Respondents

12. Shri M.C. Bansal
Energy Consultant,
E-5/85, 1st Floor, Arera Colony
Bhopal-462016, Madhya Pradesh

....Proforma Respondent

ORDER

Sh. M.C. Bansal, Retired Engineer from MPElectricity Board and presently stated to be engaged as Energy Consultant, in his letters addressed to Secretary Ministry of Corporate Affairs and Shri Rajeev Kumar Agarwal, Whole Time Member (SEBI) has raised the issue of certain alleged irregularities in the commissioning of Units 20 to 50 of the 4000 MW Mundra Ultra Mega Power Project of Coastal Gujarat Power Ltd (CGPL).



The abovementioned letters have been forwarded by SEBI to the Commission for taking necessary action.

2. The Secretary of the Commission sought the comments of CGPL and Western Regional Load Despatch Centre (WRLDC) on the letter of Shri Bansal. The responses of CGPL and WRLDC have been received vide letters dated 27.07.2015 and 14.07.2015 respectively. The letter of Shri Bansal and the replies of TataPower Enterprises and WRLDC are enclosed as **Annexures 1 to 3** of this order.

3. Shri Bansal, has submitted that CGPL has declared the commercial operation of the Units 20, 30, 40 and 50 of Mundra UMPP without these units having demonstrated the tested capacity of 95% of the Contracted Capacity for continuous period of 72 hours as required under the provision of Article 6.3.1 read with Schedule 5 of the Power Purchase Agreement (PPA) dated 22.4.2007. After consideration of all documents available on record, the Commission is of the view that the matter needs to be examined in detail.

4. The Commission in exercise of its power under Regulation 24 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 (hereinafter "Conduct of Business Regulations") hereby initiates a suo-moto proceedings and directs issue of notices to CGPL, Distribution Companies of the Procurer States, Independent Engineer as well as WRLDC to explain the facts and circumstances leading to the declaration of commercial operation of Units 20 to 50 of the Mundra UMPP.

5. The Commission in exercise of its power under Regulation 74 (d) of the Conduct of Business Regulations directs all concerned, namely, CGPL, the Distribution



Companies of the Procurer States, M/s Black & Veatch (Independent Engineer) and WRLDC to place on record all the relevant documents relating to the Performance / Commissioning Test and the Commercial Operation of Units 20 to 50 of Mundra UMPP and scheduling of power from these units, and in particular, the following information:

- a) The procedure prepared by the Independent Engineer for conducting Performance / Commissioning Test.
- b) The performance of the Units 20 to 50 of Mundra UMPP during the Performance / Commissioning Test.
- c) The details along with a copy each of correspondence between CGPL and WRLDC regarding the Performance / Commissioning Test and declaration of COD.
- d) Observations / comments of the Procurer States on the performance of Units 20 to 50 of the Mundra UMPP during the Performance / Commissioning Tests and on the Final Test Certificate issued by Independent Engineer.
- e) The correspondence between CGPL and Procurer States with regard to the Performance / Commissioning Test, acceptance of the Final Test Certificate of the Independent Engineer and declaration of commercial operation of units 20 to 50 of Mundra UMPP.
- f) Details of the discussion held in the meeting under the aegis of CEA on 29.05.2015 and the outcome thereof, along with minutes of the meeting, if any.



g) Any other material or submission that the respondents intend to make which is of relevance to the issue under consideration in the present proceedings.

6. Sh. M. C. Bansal is granted liberty to participate in the proceeding and place the necessary material in support of the issues raised by him.

7. All the parties are required to submit the relevant information on affidavit, by 15th January 2016. The Commission will conduct a hearing to give opportunity to all the parties to present their views. The hearing of the present proceeding will take place on 28th January, 2016 at 1030 hrs.

-sd/-
(Dr. M.K.Iyer)
Member

-sd/-
(A.S.Bakshi)
Member

-sd/-
(A.K.Singhal)
Member

-sd/-
(Gireesh B. Pradhan)
Chairperson





Assistant General Manager
Corporation Finance Department
Division of Issues and Listing
Phone: +91 22 26449301 / +91 22 40459301
Fax: +91 22 26449022 || Email: pooja@sebi.gov.in

Annexure I

भारतीय प्रतिभूति
और विनियम बोर्ड

**Securities and Exchange
Board of India**

CFD/DIL/AKD/PM/11908/2015

April 28, 2015

✓ Shri A.K. Saxena
Chief, Engineering
Central Electricity Regulatory Commission
3 rd & 4 th Floor, Chanderlok Building,
36, Janpath, New Delhi- 110001

Dear Sir,

Sub: **Complaint in the matter of Rights Issue of Tata Power Company Limited (the company)**

- Ans
29/4
JC(S)
1. This is in regard to reference from Ministry of Corporate Affairs, letter no. F. No. 7/431/2014/CL-II, whereby a complaint from Shri M. C. Bansal has been forwarded in the captioned matter. Copy of the letter from MCA is enclosed.
 2. The complaint was forwarded to Lead Manager to the Issue, JM Financial Institutional Securities Limited, vide SEBI letter dated December 31, 2014. The Lead Manager vide letter dated January 8, 2015 has informed SEBI that a similar reference was forwarded to the company by BSE and the company vide letter dated December 15, 2014 has replied to the complainant. Copy of the reply of the company is enclosed.
 3. The allegations in the complaint and the reply of LM / company on the same have been examined and it is observed that allegations primarily pertain to non adherence with provisions of Power Purchase Agreement (PPA) for commissioning of 4 out of 5 units of Mundra Ultra Mega Power Project at Mundra ("Mundra UMPP"). As per the complainant, the unit can achieve commissioning only after continuous 72 consecutive hour operations at or above 95% load. Further, the complainant has alleged that the independent engineer, Black & Veatch Consulting Private Limited, has issued unqualified certificate of commissioning, despite of the knowledge of the non-compliance with the provisions of the PPA.
 4. The company in its reply dated December 15, 2014 has, inter-alia, stated that the examination of allegation of any irregularity in the process of commissioning of Mundra UMPP may fall within the purview of Central Electricity Regulatory Commission, in accordance with applicable provisions of the Electricity Act, 2003.
 5. In view of the above, the complaint along with the reply received from the company is being forwarded to you for necessary action at their end.

Yours faithfully,

Pooja Makhija
Pooja Makhija



अनुवर्ती : 2 of 2
Continuation:

भारतीय प्रतिभूति
और विनिमय बोर्ड

*Securities and Exchange
Board of India*

CC:

1. Smt. Anita Klair
Deputy Director
Ministry of Corporate Affairs
Government of India
5th floor, A Wing, Shastri Bhawan,
Dr. Ranjendra Prasad Road, New Delhi - 110001
2. Shri M. C. Bansal
Energy Consultant,
Retired M P Electricity Board Engineer
E 5/85, 1st floor, Arera Colony,
Bhopal - 462016



भारत सरकार /Government of India.

कॉर्पोरेट कार्य मंत्रालय /Ministry of Corporate Affairs

पांचवीं मंजिल, ए विंग, शास्त्री भवन,
5th Floor, A Wing, Shastri Bhawan,
डॉ. राजेन्द्र प्रसाद रोड, नई दिल्ली - 110001

Dr. Rajendra Prasad Road, New Delhi – 110001

Dated 26th November, 2014

F. No. 7/431/2014/CL-II

To
The Manager.
Securities and Exchange Board of India,
SEBI Bhavan, Plot No. C4-A,
"G" Block, Bandra kurla Complex,
Bandra (E), Mumbai – 400051.

MS 10/12
pen (A/D)
ANITA KLAIR
10/12

Subject: In the matter of M/s Tata Power Company Limited (Tata Power)-reg.

Sir,

I am directed to forward herewith a copy of complaint dated Nil of Shri M. C Bansal on the above cited subject for appropriate action at your end. It is submitted that feedback in the matter may please be sent to this Ministry.

Encl: as above

Yours faithfully

Anita Klair
(Anita Klair)
Deputy Director

Copy:

Shri M C Bansal, E/85, 1st Floor, Arera Colony, Bhopal (M. P.)-462016.

(Anita Klair)
Deputy Director



M.C BANSAL

Energy Consultant. Retired M P Electricity Board Engineer

On the panel of MPERC, MPUVNL, Bio Mass Power Producer, Association etc as consultant..

E 5/85, 1st Floor, Arera Colony

Bhopal (M.P.)- 462 016

Email : chandra_manak_01@yahoo.co.in,

Mobil : 09425602009

To,

Shri Naved Masood,
Secretary
Ministry of Company Affairs,
B-1 Wing, 2nd Floor,
Paryavaran Bhawan, CGO Complex
Lodhi Road,
New Delhi 110003

MCA
15/11/14
DU(ENS)

Subject: Mis-statement in the Letter of Offer dated 19th March, 2014 for Rights Issue of Tata Power - deliberately concealed the material facts

Tata Power, in connivance with promoters and directors, induced public shareholders to subscribe shares based on false, deceptive and misleading information

Cheated millions of its Investors by Rs. 2000 Crs - Causing loss to the national exchequer of approx. Rs 5000 Crs at the expense of lakhs of electricity consumers

Immediate pl

15-11-14

~~MCA (AK)~~

15/11/14

STA (S)

Dear Sir,

BACKGROUND

The Tata Power Company Limited (Tata Power) is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) which is promoted and controlled by Tata Sons Limited.

Tata Power filed the letter of offer dated March 19, 2014 for its Rights Issue. The Rights Issue was for issuance of up to 33,22,30,130 equity shares with a face value of Re. 1 each at an issue price of Rs. 60 per equity share for an aggregate amount of up to Rs. 1,993.38 crore. It is pertinent to note here that **the issue price is 60 times the face value of the rights equity shares.** The said letter of offer was also filed with the Ministry of Corporate Affairs. The issue opened on March 31, 2014 and closed on April 15, 2014.

MISSTATEMENT IN THE LETTER OF OFFER FOR RIGHTS ISSUE

Tata Power, in its Letter of Offer, has stated the following:

1. On the cover page under the head "THE COMPANY'S ABSOLUTE RESPONSIBILITY" it is mentioned that: "The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the **information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that**"
2. In Para No. 29 (a) on page no. F 34 it is mentioned that : "**.....Coastal Gujarat Power Limited (CGPL) a wholly owned subsidiary of the Company which has implemented the 4000 MW Ultra Mega Power Project at Mundra ("Mundra UMPP") and declared commercial operations for all its five Units of 800 MW each.**"

"We hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act and the Companies Act, 2013 (to the extent notified) and the rules made thereunder. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by Securities and Exchange Board of India, the Government of India and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in this Letter of Offer are true and correct."

[Please refer Cover Sheet, page no. F 34 & 237 of Letter of Offer - **Annexure 1(a) to (c)**]

4. I am highlighting some of the said issues, which if examined will reveal misstatement in the Letter of Offer and will unearth cheating, fraud and misappropriation, which have damaged not only interests of lakhs of investors and capital markets but also the national economy.
5. There is a wilful mis-declaration committed by Tata Power by declaring that it has commissioned all 5 units of (800 MW each) Mundra UMPP (being owned by M/s Coastal Gujarat Power Limited) in the said Letter of Offer.

TECHNICAL ISSUES INVOLVED

6. The distribution companies procuring power from 4,000 MW Mundra Ultra Mega Power Project (UMPP) are fighting a legal battle against tariff hike sought by Coastal Gujarat Power Limited (CGPL) (100% subsidiary of Tata Power), which is owning and operating the captioned power project.
7. CGPL has entered into a Power Purchase Agreement (PPA) for 4000 MW – Mundra Ultra Mega Power Project with Gujarat Urja Vikas Nigam Limited, Haryana Power Generation Corporation Limited, Maharashtra State Electricity Distribution Limited, Punjab State Electricity Board, Jaipur Vidyut Vitran Nigam Ltd., Ajmer Vidyut Vitran Nigam Ltd. and Jodhpur Vidyut Vitran Nigam Ltd. Copy of the PPA is enclosed as **Annexure 2**.
8. Article 6.3.1 of the PPA for 4000 MW – Mundra Ultra Mega Power Project states as follows:

"6.3.1. A Unit shall be Commissioned on the day after the date when all the Procurers receive a Final Test Certificate of the Independent Engineer stating that:

- a) **the Commissioning Tests have been carried out in accordance with Schedule 5 and are acceptable to him; and**
- b) **the results of the Performance Test show that the Unit's Tested Capacity, is not less than ninety five (95) percent of its Contracted Capacity as existing on the Effective Date"**

[Please refer page 42 - Article 6.3.1 of the PPA for 4000 MW – Mundra Ultra Mega Power Project - **Annexure 2**]

9. Schedule 5 of the aforesaid PPA requires the following compliance to declare commissioning of a unit:

- a) Unit shall operate at or above 95% of the contracted capacity (i.e. 760 MW is contracted capacity for Mundra UMPP's units and 95% capacity is 722 MW)
- b) Unit shall operate **continuously for consecutive 72 hours at or above 95%** of its contracted capacity

[Please refer page 100 - Schedule 5 of the PPA for 4000 MW – Mundra Ultra Mega Power Project - **Annexure 2**]

10. However as per Performance Test Reports for 4000 MW – Mundra Ultra Mega Power Project [refer **Annexure 3(a) to (d)**], it is evident that four out of five units totalling 3200 MW of Mundra UMPP **did not comply with the above-mentioned PPA requirements at all and thus did not achieve “commencement” as claimed**. All these four units, which were required to mandatorily run at 722 MW during the testing window of 72 hours, have actually run at far lower capacity, due to various reasons including grid restriction, unit's technical failures, etc. details given below:

S.N.	Mundra UMPP's Unit no.	Minimum load reached during the test period (in MW)	Deviation (in %) from the mandatory requirement of 722 MW	Refer Appendix of the respective Performance Test Report highlighting that unit did not perform as per PPA Provisions
1	Unit #20	451	Shortfall by 37.53%	Appendix 4 & 5 (page 12 and 14)
2	Unit #30	376	Shortfall by 47.92%	Appendix 4 & 5.1 (page no. 36 and 46)
3	Unit #40	409	Shortfall by 43.35%	Appendix 4 & 4.1 (page no. 30 & 36)
4	Unit #50	295	Shortfall by 59.14%	Appendix 5.1 (page no. 40 & 44)

[Please refer Performance Test Reports for 4000 MW – Mundra Ultra Mega Power Project at Mundra for Unit #20, Unit #30, Unit #40 and Unit #50 - **Annexure 3 (a) to (d)**]

11. The commissioning certificates were issued by an Engineering Firm M/s. Black & Veatch. This Engineering Firm, working hand in glove with Tata Power, mis-represented the shortcoming repeatedly for four units.
12. Independent Engineer (Black & Veatch) in its certificate has deliberately hidden the fact that four out of five units could not operate at or above 722 MW (i.e. 95% of contracted capacity) continuously for consecutive 72 hours, which has been clearly stated in the Performance Test report. This has been done with a clear intention to appropriate undue gains to Mundra UMPP and mis-lead the Procurers into believing that the units have operated satisfactorily and achieved commercial operation, whereas in reality it has fallen short of PPA requirement.

[Please refer Final Test Certificates dated July 28, 2012, October 27, 2012, January 19, 2013 and April 5, 2013 issued by Black & Veatch for the commercial operation for Unit #20, Unit #30, Unit #40 and Unit #50 - Annexure 4 (a) to (d)]

13. This proves that Tata Power's Mundra UMPP have failed to comply with the Article 6.3.1 Schedule 5 of the aforesaid PPA to meet the commercial operation requirement and has **fraudulently declared commercial operation of four out of its five Units of Mundra UMPP** (3200 MW out of total 4000 MW).
14. Recently Central Power Regulator has issued an order in case of another UMPP whereby the Central Regulator has pronounced that Power Purchase Agreement (PPA) provisions for testing and commercial operation should be strictly followed.
15. Going by the recent pronouncement of Central Power Regulator, Mundra UMPP ought to have undertaken repeat tests till it complied with the PPA requirement. On the contrary, Tata Power's subsidiary implementing this project has declared commercial operation of four out of its five power units with the malafide intention of cheating the distribution companies by charging full tariff as against recovering the infirm power charges thereby not following the established norms, PPA provisions and making mockery of established system.

IMPACT OF FALSE DECLARATION OF COMMERCIAL PRODUCTION

16. Instead of allowing the power to flow to the off takers at "infirm" rate till commercial operation is declared, Mundra UMPP started billing the Discoms at PPA tariff thereby making huge financial gains to the order of Rs.1.50 paise per unit, totalling fraudulent excess billing of approx. Rs.5000 Cr on all the Procurers upto July 2014.
17. Since this commencement of commercial operation was taken on board by the Distribution Company and Western Regional Load Despatch Centre (WRLDC) without any scrutiny, it has caused following financial loss to the Discoms till July 2014:

Procurer-wise loss due to criminal conspiracy			
S.No.	State	CGPL Procurer Name	Loss (Rs. in Crs)
1	Gujarat	Gujarat Urja Vikas Nigam Limited	2,375
2	Haryana	Haryana Power Generation Corporation Limited	500
3	Maharashtra	Maharashtra State Electricity Distribution Limited	1,000
4	Punjab	Punjab State Electricity Board	625
5	Rajasthan	Jaipur Vidyut Vitran Nigam Ltd.	180
6		Ajmer Vidyut Vitran Nigam Ltd.	180
7		Jodhpur Vidyut Vitran Nigam Ltd.	140

--	--	--	--

FRADULENT INTENT OF PRMOTERS TO CHEAT

18. It is evident from the above that there is huge nexus amongst promoters, directors and officials of Tata Power, WRLDC (headed then by Mr. Pentayya), State Discoms and Black & Veatch (Mr. Ravinder Nath Bathula and Mr. Brahmendra Thakur - who have issued the above referred false certificates) to falsely declare commercial operation of Units for pecuniary gains and fleece the consumers at large.

19. To address this criminal conspiracy and stop further loss to the State exchequer, I have separately brought this to the knowledge of Mundra UMPP Power Off takers comprising the State Distribution Companies of Gujarat, Maharashtra, Haryana, Punjab and Rajasthan.

[Please refer letter written to State Distribution Companies of Gujarat, Maharashtra, Haryana, Punjab and Rajasthan - **Annexure 5**]

20. CGPL is a material subsidiary and the valuation of CGPL has substantial bearing on the valuation of the shares of Tata Power. Therefore it was mandatory to attach the following as material contracts:

- Power Purchase Agreement for 4000 MW – Mundra Ultra Mega Power Project between CGPL and State Distribution Companies.
- Performance Test Reports for 4000 MW – Mundra Ultra Mega Power Project at Mundra for Unit #10, #20, Unit #30, Unit #40 and Unit #50
- Final Test Certificates issued by Black & Veatch for the commercial operation for Unit #10, #20, #30, #40 and #50

21. **None of the above documents have been disclosed as “material contracts”** nor are made available to the shareholders of Tata Power for inspection. This data, facts and information have been concealed from the shareholders in violation of Companies Act, 2013 and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

[Please refer page 235 and 236 of Letter of Offer for details of “Material Contracts and Documents for Inspection” – **Annexure 6**].

22. It is evident that the Tata Power and its directors not only failed in exercising reasonable skill and verify the veracity and adequacy of the disclosures but have deliberately indulged in misstatement in the Letter of Offer with an intent to cheat the gullible shareholders who invested in the shares based on such wrong and misleading facts.

TATA POWER & ITS DIRECTORS DEFRAUDED SHAREHOLDERS

23. Hence, in the current case:

- **In Criminal Conspiracy by officials of Tata Power, Independent Engineer (Black & Veatch), WRLDC (Regional Load Dispatch Centre) and Procurers - Four (3200 MW) out of Five Units (4,000 MW) of Mundra Ultra Mega Power Project (UMPP)**

have declared commercial operation (COD) in gross violation of the PPA requirements

- Tata Power has knowingly made statement in the Letter of Offer which is false, deceptive and misleading, deliberately concealing the material facts, to induce public at large to subscribe the shares in the rights issue.
- Tata Power, in connivance of its promoters and directors (including independent directors) who have signed the Letter of Offer, have concealed the actual fact that only one of the five unit is under commercial operation and the rest of the units have not achieved the commercial operation
- Tata Power, in connivance of its promoters and directors, have abused their position, with intent to deceive and to gain undue advantage from its shareholders to the tune of approximately Rs. 2000 Crs.
- Tata Power, in connivance with Independent Engineer (Black & Veatch) caused a Total loss of Rs.5000 Cr for all the Procuring States till July 2014 and continuing

VIOLATION OF CORPORATE LAWS

24. Section 25 of the Act provides that where a Company allots or agrees to allot any securities of the Company with a view to all or any of those securities being offered for sale to the public, any document by which the offer for sale to the public is made shall, for all purposes, be deemed to be a prospectus issued by the company.....
25. Section 34 of the Act provides for the Criminal liability for misstatements in prospectus. It states that where a prospectus, issued, circulated or distributed, includes any statement which is untrue or misleading in form or context in which it is included or, every person who authorises the issue of such prospectus shall be liable under section 447
26. The punishment as provided under Section 447 provides that **without prejudice to any liability, any person who is found to be guilty of fraud, shall be punishable with imprisonment for a term which shall not be less than six months but which may extend to ten years and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud.** It also provides that where the fraud in question involves public interest, the term of imprisonment shall not be less than three years.

ACTION REQUESTED

27. In view of the abovementioned facts and in the interest of investors and the integrity of the securities market, MCA is requested to take stern action take action against the following persons i.e.
- Tata Power Limited, the Issuer company
 - Mr. Ashok Sethi – being Whole Time director of Tata Power
 - Mr. Piyush Mankad, Mr. Anil Sardana, Mr. Deepak Satwalekar, Mr. Cyrus Mistry, Mr. Homiar Vachha, Mr. Ramabadrnan Gopalkrishnan, Mr. Nawshir Hoshang, Mr.

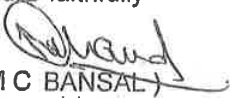
Thomas Mathew, Ms. Vishakha Muley, Mr. Nawshir Mishra, Mr. S Padmanabhan and Mr. Ashok Basu - being directors of Tata Power

- Tata Sons Limited - being promoter of Tata Powers
- Mr. Cyurs Mistry - being Managing Director of Tata Sons Limited
- Mr. Ramabadrn Gopalkrishnan, Mr. Ishaat Hussain, Mr. Nitin Nohria and Mr. Vijay Singh being Directors of Tata Sons Limited

The above persons and entities be made liable for the Punishment for fraud under Section 447 of the Act. They should be punished with imprisonment for a term which shall not be less than ten years since the fraud in question involves public interest and shall also be penalized to the extent of Rs. 6000 Crs

Further financial penalties be imposed on the above persons /entities for compensating the loss suffered by the shareholders as also as a future deterrent.

Yours faithfully


(M C BANSAL)
E 5/85, 1st Floor, Arera Colony
Bhopal (M.P.)- 462 016

27th July 2015

Ms. Shubha Sarma, IAS
Secretary
Central Electricity Regulatory Commission
3rd & 4th Floor, Chanderlok Building
36, Janpath
New Delhi 110 001.

Madam,

Response to Complaint in the matter of Rights Issue of Tata Power

This has reference to your letter in connection with the communication dated April 28, 2015, forwarded to you by SEBI, based on a complaint by Mr. MC Bansal.

Mr. M. C. Bansal, a retired Engineer from Madhya Pradesh Electricity Board, has alleged criminal conspiracy by officials of Coastal Gujarat Power Limited (CGPL), our wholly owned subsidiary and the Independent Engineer (representative of Lenders as well as Procurers) - Black & Veatch (BVI), in declaring commercial operation of 4 out of 5 Units in Mundra in violation of Power Purchase Agreement requirements (as he himself has stated that he has no issues with the first unit of UMPP).

✓ We have investigated the complaint alongside Central Electricity Authority (CEA), who had called Independent Engineer – BVI, Gujarat Urja Vikas Nigam Ltd. (GUVNL) as well as WRLDC officials and reviewed all the allegations made by Mr. Bansal, at Sewa Bhavan (Delhi) on 29th May, 2015. In the meeting, WRLDC, Black & Veatch, Tata Power and its Stakeholders strongly denied the allegations leveled and found them to be baseless and perhaps provoked by competition. The complaint is not just malicious with wrongful motive but also complainant has no locus standi to make such allegations, being neither a consumer nor a consumer representative of the five Procuring states of CGPL, Mundra.

This just seems to be an attempt of competition to defame and discredit the achievements in commissioning all five units of Mundra UMPP in a record time, thereby providing one of the most competitive and reliable power to millions of consumers across five states. Mundra UMPP has enabled Government of India's goal of achieving Energy Security and reduction in Power Deficit, in States served by the Project.

Further, it may be noted that all five units of Mundra were commissioned in FY 12-13 and the last unit was commissioned in March 2013 including successful conduction of commissioning test for the entire Power Station, which was successfully completed in March 2013.

✓ The complainant has written similar letters to all the Procurer States, all possible Government officials, all investigating and Regulatory agencies. These all have been

TATA POWER

The Tata Power Company Limited

Registered Office: Bombay House, 24 Homi Mody Street, Mumbai-400 001

Tel: 91 22 6665 8282 Fax: 91 22 6665 8001

Website: www.tatapower.com Email: tatapower@tatapower.com CIN: L26920MH1919PLC000567

...2

HumM





The above data adequately proves the capability of each unit of Mundra UMPP. All the units have infact operated with uninterrupted duration of more than 100 days. U#10 has clocked 260 days, which is a benchmark for 800 MW Class supercritical units in India.

- ✓ Further, many Regions and States in India have become Power Surplus during last five years and hence, a set load curve of Peak Load followed by low load situation during off-peak hours, within 24 hour period, is a predominant scenario in the country. This load cycle is relevant for all Thermal Units and the largest Units in the Power System i.e., 800 MW Mundra UMPP units are also expected to follow same curve. Operation of Unit for more than 24 hours, let alone 72 hours without load change is implausible considering current Grid conditions. A total of 21 tests conducted on Mundra Units exhibited the Contracted Capacity of Units/ Station and proved these to be free of any flaw or performance gap.
- ✓ During the conduct of the Tests, Tata Power adhered to the guidelines by CEA, IEGC, best of industry practices and instructions of WRLDC, strictly adhering to Grid discipline, especially in the wake of Grid Failures experienced in July-August, 2012.

Therefore, it is evident from the above that there are no reasons to allege that four units of Mundra have not been commissioned as per PPA. In the past, the complainant has also sent letters to SEBI and the Stock Exchanges, to which we have responded appropriately on above lines.

Yours faithfully,
For The Tata Power Company Limited

H. M. Mistry

(H. M. Mistry)
Company Secretary



पावर सिस्टम ऑपरेशन कारपोरेशन लिमिटेड
(पावरग्रिड की पूर्ण स्वामित्व प्राप्त सहायक कंपनी)
POWER SYSTEM OPERATION CORPORATION LIMITED
(A Wholly owned subsidiary of POWERGRID)



पश्चिम क्षेत्रीय भार प्रेषण केन्द्र

एफ-3, सेन्ट्रल रोड, एम्.आई.डी.सी. एरिया, मरोल, अन्धेरी (पूर्व), मुंबई - 400 093.
दूरभाष : 022-28202691 • फैक्स : 022-28235434, 28202630 • ई-मेल : wrldc@posoco.in

CIN : U40105DL2009GOI188682

WESTERN REGIONAL LOAD DESPATCH CENTRE

F-3, MIDC Area, Marol, Andheri (East), Mumbai - 400 093.

Phone : 022-28202691 • Fax : 022- 28235434, 28202630 • E-mail : wrldc@posoco.in

संदर्भ संख्या Ref. No.

WRLDC/MO_II/1610/2015/765

Dated: 14th July 2015

To,

The Secretary
Central Electricity Regulatory Commission
3rd & 4th floor
Chanderlok building
36, Janpath, New-Delhi-110001

Sub: **Complaint in the matter of Rights Issue of "Tata Power Company Ltd"**
Ref: CERC's letter dt. 7th July 2015

Dear Madam,

In response to the query on declaration of CoD of different units of CGPL, UMPP Mundra, WRLDC would like to submit as follows:

The Costal Power Gujarat Ltd (CGPL) , UMPP is having an ultimate installed capacity of 4150MW (5 x830MW) located at Mundra, Gujarat. The declaration of CoD for Units 10 to 50 of CGPL, Mundra, commenced from March 2012 and is listed at Table below.

Unit No	Capacity MW	Declared CoD	72 Hrs Trial Run Period
10	830	7 th March 2012	0500 Hrs of 2 nd March 2012 to 0500 Hrs of 5 th March 2012
20	830	30 th July 2012	12:05 Hrs of 25 th July 2012 to 12:05 Hrs of 28 th July 2012
30	830	27 th Oct 2012	1600hrs of 23 rd Oct 2012 to 0200hrs of 27 th Oct 2012.
40	830	21 st Jan 2013	2000hrs of 16 th Jan 2013 to 2000hrs of 19 th Jan 2013
50	830	22 nd Mar 2013	1215hrs of 17 th Mar 2013 to 0045hrs of 21 st Mar 2013

[Signature]
21/7/15

स्वहित एवं राष्ट्र हित में ऊर्जा बचायें

Save Energy for Benefit of Self and Nation

It has been stated that during the trial run of Unit#20, Unit#30, Unit#40 & Unit#50, WRLDC had imposed restrictions on the infirm injection from the above mentioned units due to grid/system constraints. The details and reasons for backing down of CGPL units 20, 30, 40 and 50 as instructed by WRLDC is listed at *Annexure I*.

The RLDCs facilitate the testing of generating units whenever the same is requested by the generating stations. This facilitation of testing is permitted based on the prevailing system conditions at that time. In order to ensure secure Grid Operation, instances are there to impose restriction at times. The relevant regulations in this regard are as follows:

Regulation 8(7) of the "Grant of Connectivity, Long term Access and Medium term Open Access in Inter state transmission regulation, 2009", states that:

Quote

(7) A generating station, including captive generating plant which has been granted connectivity to the grid shall be allowed to undertake testing including full load testing by injecting its infirm power into the grid before being put into commercial operation, even before availing any type of open access, after obtaining permission of the concerned Regional Load Despatch Centre, which shall keep grid security in view while granting such permission. This infirm power from a generating station or a unit thereof, other than those based on non-conventional energy sources, the tariff of which is determined by the Commission, will be governed by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009. The power injected into the grid from other generating stations as a result of this testing shall also be charged at UI rates.

Unquote

Clause 12.2 of the Hon'ble CERC approved procedure for Short term Open Access in Inter State transmission (bilateral Transaction) states that:

Quote

"12.2. When because of transmission constraint or to maintain grid security as decided by RLDC, it becomes necessary to curtail power flow on a transmission corridor, the transactions already scheduled, would be curtailed in the manner, which in the opinion of RLDC, would relieve transmission constraints/ enhance grid security. Subject to the provisions of the Grid Code, while cancellation or curtailment of any transaction, among short-term, medium term and long-term transactions, short-term transactions shall be cancelled or curtailed first, followed by medium term and thereafter long-term transactions. Short-Term Open Access Bilateral Transactions would be curtailed first followed by the Collective Transactions."

Unquote

Clause 6.4.12 of IEGC second amendment dated 06.01.2014 states that:

Quote

"6.4.12. Notwithstanding the above, the RLDC may direct the SLDCs/ISGS /other regional entities to increase/decrease their drawal/generation in case of contingencies e.g. overloading of

lines/transformers, abnormal voltages, threat to system security. Such directions shall immediately be acted upon. In case the situation does not call for very urgent action, and RLDC has some time for analysis, it shall be checked whether the situation has arisen due to deviations from schedules. These shall be got terminated first, through appropriate measure like opening of feeders , if considered necessary by SLDC/RLDC, before an action, which would affect the scheduled supplies to the long term, medium term customers or short term customers is initiated in accordance with Central Electricity Regulatory Commission (Grant of Connectivity, Long - term Access and Medium - term Open Access in Inter State Transmission and Related matters) Regulations, 2009 and Central Electricity Regulatory Commission(Open Access in Inter-State Transmission) Regulations, 2008."

Unquote

In view of the said reasons and the relevant provisions of the regulations quoted above, the infirm power of CGPL units 20, 30, 40, 50 was curtailed first in order to ensure secure system operation.

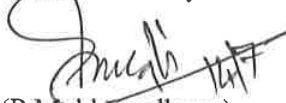
In this context it is further stated that WRLDC while commencing the scheduling of a Unit for the first time after declaration of CoD followed the then existing CERC (Terms and Conditions of Tariff) Regulation 2009 for the control period 2009-2014.

"Date of Commercial Operation" or "CoD " under the above mentioned Regulation means " in relation to a unit or block of thermal generating station, the date declared by the generating company after demonstrating the maximum continuous rating(MCR) or the installed capacity through a successful trial run after notice to the beneficiaries, from 0000hrs of which scheduling process as per the IEGC is fully implemented".

In line with the above clause all the Units from 10 to 50 has achieved the MCR and accordingly the scheduling were commenced by WRLDC. The 72hrs ex-bus injection of units 20 to 50 for the period as mentioned above is enclosed at **Annexure-II** for kind reference.

We hope the above clarifies the position towards the process followed for Declaration of COD and commencement of scheduling of CGPL UMPP at Mundra

Yours faithfully


(P. Mukhopadhyay)

General Manager

Annexure-I

Details of restrictions imposed by WRLDC during the 72hrs. performance test of unit#20, unit #30, unit#40 & unit#50 of CGPL on account of grid constraints are as follows.

Unit #20:

Sl. No	Date	Time	Code No	Message given	Reason for restriction
1	28/07/12	0240hrs.	Fax message No.LD/7/2015	To maintain generation as per schedule(340MW) and to bring down infirm of U#20 to zero	Very High Congestion in Western Region (WR) –Northern Region(NR) and WR-Eastern Region (ER) inter regional (I/R) corridors

Unit #30:

Sl.No	Date	Time	Code No	Message given	Reason for restriction
1	23/10/12	1513hrs.	10/1741	To back down generation by 200MW in Unit#30 from 750MW.	1. Over loading of WR-ER inter regional link. 2. Low demand in the grid. 3. High frequency >50.0Hz. for more than 62.5% of time. 4.Tripping of I/R link(220kV Badod-Kota). 5. All other unscheduled generations were asked to back down
	24/10/12	0854hrs.	10/1797	To increase generation from 604MW to 704MW	1.Outage of I/R link continued till 1830hrs. (220kV Badod-Kota)
2	24/10/12	1404hrs.	10/1822	To reduce generation by 100MW from 650MW.	2.Very high frequency observed. Frequency>50Hz for 92.5% of time on 24.10.12
3	24/10/12	1604hrs.	10/1831	To reduce generation by 200MW	
4	24/10/12	1812hrs.	10/1851	To bring generation to 500MW	

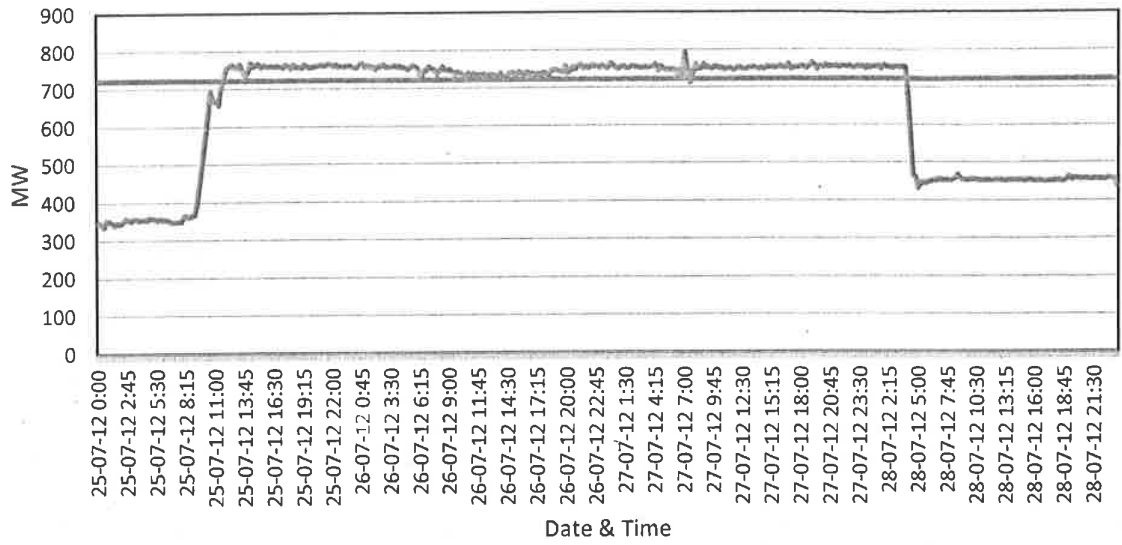
Unit#40

Sl.No	Date	Time	Code No	Message given	Reason for restriction
1	17/01/13	1235hrs.	01/1444	To back down generation by 200MW	1.Total Transfer Capability restriction in WR-NR corridor due to outage of 220kV Badod-Kota I/R link 2. Load crash in NR due to rain & thunder storm. 3.High frequency above 50Hz observed for 83.5 % of time on 17.01.13
2	17/01/13	2140hrs.	01/1493	To bring generation to 630MW	
3	17/01/13	2326hrs.	01/1505hrs.	To bring generation to 450MW	

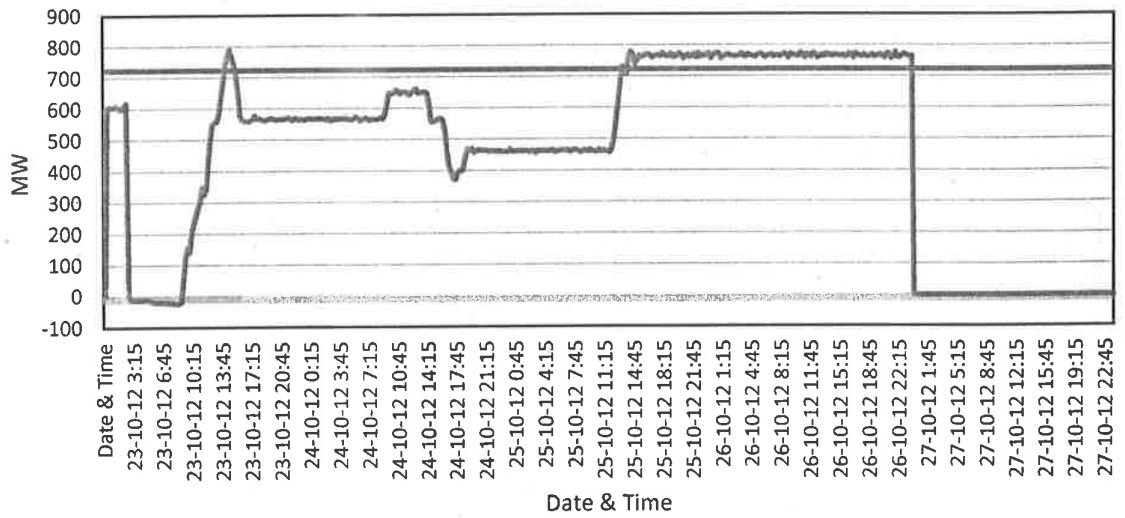
Unit#50:

Sl.No	Date	Time	Code No	Message given	Reason for restriction
1	17/03/13	1603hrs.	03/1439	To back down generation by 200MW	1. Total Transfer Capability reduction on WR-NR corridor, reduction by 500MW for facilitating up gradation work of Agra-Gwalior-Bina path. 2. Low demand in system. 3. Frequency touched 50.72Hz at 1603hrs. and frequency remained >50Hz for 96.68% of time on 17.03.13.

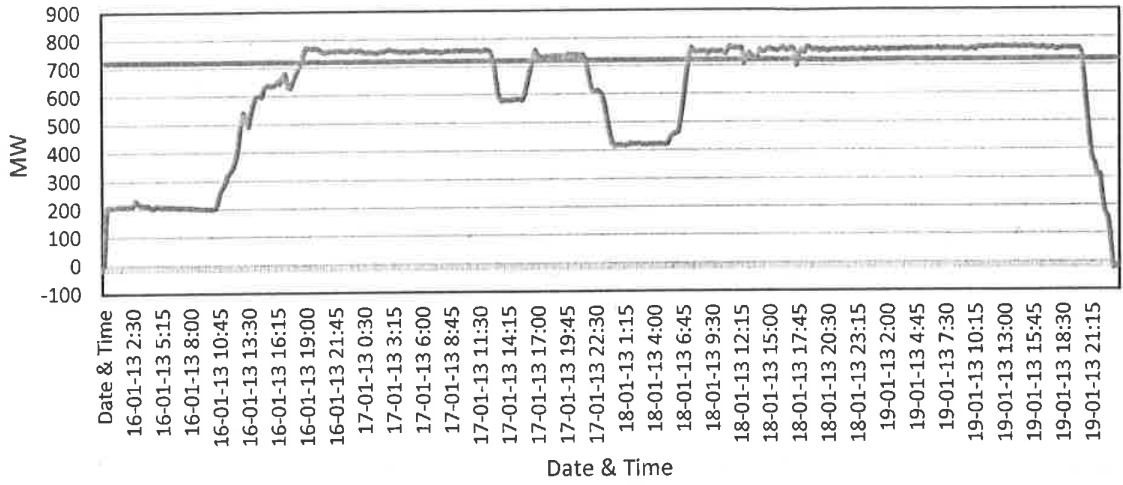
Ex-bus injection by CGPL Unit 20 during trial run for CoD



Ex-bus injection of CGPL Unit 30 during trial run for CoD



Ex-bus injection by CGPL Unit 40 during trial run for CoD



Ex-bus injection by CGPL Unit 50 during trial run for CoD

