

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.8/MP/2017

Coram:

Shri Gireesh B. Pradhan, Chairperson

Shri A.K. Singhal, Member

Shri A.S. Bakshi, Member

Dr. M.K.Iyer, Member

Date of Order : 2nd February, 2017

In the matter of

Petition under Section 79 (1) (k) of the Electricity Act, 2003 read with Regulation 8 (7) of the Central Electricity Regulatory Commission (Grant of Connectivity, long term access and Medium term open access in inter-State transmission and related matters) Regulations, 2009 seeking permission of the Commission to allow extension for extension of the period for injection of infirm power and drawal of start-up power for commissioning and testing including full load testing of First Unit (Unit 2) (300 MW) of 4x300 MW Binjkot TPP of SKS Power Generation (Chhattisgarh) Limited, beyond six months from 31.1.2017 to 31.7.2017.

And

In the matter of

SKS Power Generation (Chhattisgarh) Limited.
501B, Elegant Business Park,
Andheri-Kurla Road, JB Nagar,
Andheri (East), Mumbai-400 059

...Petitioner

Vs

Power System Operation Corporation Limited
WRLDC, F-3, MIDC Area,
Marol, Andheri (East), Mumbai-400 093

.....Respondent

Following were present:

Shri Buddy Ragnadhan, Advocate, SKS
Shri Alok Shanker, Advocate, SKS
Shri Vaibhav Joshi, Advocate, SKS
Shri Prabal Mehrotra, Advocate, SKS

ORDER

This petition has been filed by the petitioner, SKS Power Generation (Chhattisgarh) Limited, under Regulation 8 of the Central Electricity Regulatory Commission (Grant of connectivity, Long-term Access and Medium-term Open access in inter-State transmission and related matters) Regulations, 2009 as amended from time to time (Connectivity Regulations) with the following prayers:

"(a) Condone the delay in filing the instant petition

(b) Allow the petitioner extension of time for interchange of power i.e. drawal of start-up power from the grid for synchronization and injection of infirm power for testing including full load trial operation by the Binjkote TPP upto to 31.7.2017 which essentially is summarized as below.

(i) Synchronization and COD of first unit (unit #2) by 31.3.2017 and 30.4.2017 respectively.

(ii) Grant drawal of start-up power and injection of infirm power from first unit (unit#2) till 30.4.2017 or achievement of COD, whichever is earlier .

(iii) Grant drawal of start-up power for Second unit (unit#1) till 31.7.2017 or its COD, whichever is earlier when unit#2 is not under commercial operation.

(iv) Injection of infirm power from second unit (unit#1) till 31.7.2017 or achievement of COD, whichever is earlier.

(b) Pass any such other order (s) as this Hon`ble Commission may deem fit and proper under the facts and circumstances of the present case and in the interest of justice."

2. The petitioner is setting up 1200 MW (4X300 MW) thermal power project ("the project") at Villages Binjkote and Darramura of Kharsia Tehsil, Raigarh district in the State of Chhattisgarh.

3. The Commission by its order dated 29.7.2016 in Petition No. 118/MP/2016 had allowed dawal of start-up power and injection of infirm power from first unit (unit 2) of the project for testing including full load testing till 31.1.2017 or up to the declaration of commercial operation of the unit 2 , whichever is earlier. The petitioner has submitted that COD of first unit (unit 2) could not be achieved due to the following reasons:

(a) The project has undergone time and cost overrun due to various reasons including unsatisfactory performance by EPC contractor and delayed supply of equipment, etc. The lenders approved the 1st cost over-run assistance in August, 2015 wherein project cost was revised from Rs. 3787.2 crore to Rs. 5240 crore. However, due to procedural issues, the disbursement of funds was delayed and part of the assistance (Rs.207 crore) is yet to be disbursed. The lenders have now approved 2nd cost over-run of Rs.775 crore in December 2016 (including the untied gap in the earlier means of financing), and disbursement related formalities are underway. The disbursement of balance undisbursed amount from earlier sanctioned amount of 1st cost over-run funding, as well as additional assistance from 2nd cost over-run funding is expected to be received shortly which resulted in re-negotiation of certain contracts and matters of liquidated damages. Further, de-mobilization of certain contractors and re-mobilization after significant time lag has also been delaying the project construction and commissioning.

(b) The project has undergone time over-run due to delay in statutory approvals, particularly Consent to Operate (“**CTO**”) and Factory Licence. South Eastern Coalfields Limited (SECL), vide its letter dated 19.08.2016 granted approval for 2 lakh tones of commissioning coal. However, the release of commissioning coal is contingent upon CTO and Factory Licence. Therefore, the petitioner could not off-take commissioning coal from SECL, which in turn has delayed the commissioning activities.

(c) The petitioner awarded an EPC contract to Cethar Vessels Ltd. However, the performance of the said EPC Contract was obstructed and was highly unsatisfactory due to financial stress. As a result, the petitioner had to make alternate arrangements and awarded contracts in lieu of the EPC contract to other parties in order to ensure that the work at the project does not get stalled which resulted in delaying the commissioning activities of the project.

4. The petitioner has indicated schedule and project erection and commissioning activities to be undertaken before declaration of the COD of first unit (unit 2) and second unit (unit 1) as under:

First Unit (Unit 2)

MILESTONE	Planned	Actual	Status/Remarks
Chimney readiness	15.6.2016	15.6.2016	Commissioned
DCS charging	31.3.2016	18.2.2016	Commissioned
Production of qualified water from DM plant	10.8.2016	20.8.2016	Commissioned

Non-Drainable Hydro	18.6.2016	18.6.2016	Commissioned
Boiler light-up	9.7.2016	9.7.2016	Commissioned
Boiler chemical clean completion	10.8.2016	22.8.2016	Commissioned
Turbine on barring gear	20.8.2016	10.10.2016	Commissioned
Steam blowing completion	5.9.2016	7.12.2016	1. APH High vibration 2. Delay in getting Chinese expert's Visa 3. Wrong supply of EOT Valve and delay in delivery of replacement.
Ash Handling System Commissioning	22.10.2016	20.12.2016	Commissioned
Coal System Commissioning	20.10.2016	26.12.2016	Commissioned
Synchronization	30.9.2016	15.2.2017	Turbine was rolled on 30.12.16 but MSV was passing so commissioning stopped and its spare not available so it is being arranged.
COD	31.1.2017	30.4.2017	Due to delay in Synchronisation

Second unit (unit1)

MILESTONE	Planned	Actual	Status/Remarks
Chimney readiness	30.9.2016	15.10.2016	
DCS charging	14.8.2016	12.8.2016	Commissioned
Production of qualified water from DM plant	20.8.2016	20.8.2016	Commissioned
Non-Drainable Hydro	31.12.2016	10.2.2017	Delay in arrival of Main Steam Stop Valve and ERV Isolation Valve from L&T
Boiler light-up	10.6.2016	25.2.2017	Delay in arrival of Main Steam Stop Valve and ERV Isolation Valve from L&T
Boiler chemical clean completion	19.1.2016	15.3.2017	Due to delay in Boiler Light up
Turbine on barring gear	30.1.2017	15.3.2017	Due to delay in Boiler Light up
Steam blowing completion	15.2.2017	25.3.2017	Due to delay in Boiler Light up
Synchronization	28.2.2017	31.3.2017	Due to delay in Boiler Light

			up
Coal System Commissioning	25.12.2016	20.3.2017 with S/R	Due to delay in Boiler Light up
Ash Handling System Commissioning	25.1.2017	20.3.2017	Due to delay in Boiler Light up
COD	31.1.2017	31.7.2017	Due to delay in Boiler Light up

5. The petitioner has submitted that COD of first unit (unit 2) of the project was to be achieved by 31.1.2017. However, COD of said unit could not be achieved within the stipulated time due cost over-run and technical reasons, etc. WRLDC vide its letter dated 9.1.2017 informed that the petitioner is required to approach the Commission for further extension of time for injection of infirm power into the grid and drawal of start-up power for the commissioning tests including full load test of unit 2 as per clause 6.4 of the Detailed Procedure approved under the Connectivity Regulations and WRLDC is not in a position to give further time for availing of start-up power without approval of the Commission.

6. The petitioner has submitted that it has taken all efforts to ensure completion of the project within time granted by the Commission and *bona fidely* believes that it would be able to complete all necessary works and achieve commercial operation of both units by 31.7.2017.

7. The petitioner has submitted that it is seeking extension of time for drawal of start-up power and injection of infirm power into the grid for commissioning tests including full load test of first unit (unit 2) and second unit (unit 1) of the project for *bonafide* reasons and not to take undue advantage of the same.

8. During the course of hearing, learned counsel for the petitioner reiterated the submissions made in the petition and requested to grant permission for drawal of start-up power and extend the time for injection of infirm power into the grid for testing including full load testing from first unit (unit 2) and second unit (unit1) of the project upto 30.4.2017 and 31.7.2017 respectively or the date of commercial operation of unit, whichever is earlier.

9. We have considered the submissions of the learned counsel of the petitioner. The Fourth Proviso to Regulation 8 (7) of the Connectivity Regulations, as amended from time to time, provides as under:

"Provided that the Commission may in exceptional circumstances, allow extension of the period for inter-change of power beyond the period as prescribed in this clause, on an application made by the generating station at least two months in advance of completion of the prescribed period:

Provided further that the concerned Regional Load Despatch Centre while granting such permission shall keep the grid security in view."

10. The petitioner has submitted that it is seeking extension of the time for *bona-fide* reasons for completion of the balance works. The petitioner has submitted that due to delay in payment by the lenders, statutory approval and financial stress, COD of unit 2 could not be achieved. The petitioner has submitted that boiler of unit 1 would be lighted up by 25.2.2017 and would be synchronized on 31.3.2017. We are of the view that non-availability of start-up power would hamper the progress of commissioning work which would jeopardize the commissioning activities and result in further delay in declaring COD of units. Accordingly, we allow extension of time for injection of infirm power into the grid and drawal of start-up power for the commissioning tests including full load test of first unit (unit 2) and second unit (unit-1) up to 31.4.2017 and 31.7.2017

respectively or actual date of commercial operation, whichever is earlier. We expect the petitioner to make all efforts to ensure the commercial operation of the project by the said dates.

11. The approval of extension of time for drawal of startup power from the grid and injection of infirm power shall not be taken as a ground for allowing time over-run and cost over-run of the project.

12. With the above, the Petition No. 8/MP/2017 is disposed of.

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

sd/-
(A.S. Bakshi)
Member

sd/-
(A. K. Singhal)
Member

sd/-
(Gireesh B. Pradhan)
Chairperson