

# **RGPPL's comment on CERC draft tariff Regulation, 2019**

## **Back ground:**

- RGPPL had been established as a special purpose vehicle to take over and revive the abandoned assets of the erstwhile Dabhol Power Company. It is a JV of NTPC & GAIL with equity participation from MSEB Holding Co., IDBI Bank, ICICI Bank, State Bank of India, Canara Bank and IFCI.
- MSEDCL has allocation of 95% to MSEDCL, and rest 5% to DD(2%), DNH(2%) and Goa(1%) ( total installed capacity of 1967.08 MW)
- MSEDCL, principal beneficiary, with 95% allocation has total outstanding dues of Rs. 3,287 including surcharge on delayed payment.
- 540MW allocated to Indian Railways out of Maharashtra's share.
- RGPPL adopts all the justifications and submissions of NTPC in regard to draft Regulation 2019-24. However certain issues specific to RGPPL are being highlighted here.

## Heat Rate as proposed by CERC

- Heat rate proposed by CERC in the draft Tariff Regulation for 2019-24 is 1820Kcal/Kwh against the existing Heat Rate of 1850Kcal/Kwh (Advance class F machines)
- Average Heat Rate of RGPPL during the period 2015-2018 and FY 2018-19(upto Dec, 2018) are 1834 Kcal/Kwh and 1827 Kcal/Kwh respectively.
- Since 2013, RGPPL has been running only one power Block (660MW) at part load of around 500MW.
- Of late , RGPPL units are being given RRAS down instruction by WRLDC very frequently.
- RGPPL machines have crossed 50,000 hrs of cumulative running.

## Heat Rate as proposed by CERC- contd.

- Even with periodic inspection and offline/online water washing, there will be nearly 2% of non-recoverable heat rate loss due to ageing of the machines. In spite of this, ageing of HRSGs is also contributing to the heat rate deterioration.
- Split Block operation , wherever resorted to , leads to heat rate increase by 15-20 Kcal/Kwh.

### Conclusion:

- It is requested to the Hon'ble Commission to consider Heat Rate as 1850Kcal/Kwh against proposed heat rate of 1820Kcal/Kwh for 2019-24.

## O&M expenses as proposed by CERC

- The Hon'ble Commission has observed that PLF was only 14% during the last five years. Therefore based on the actual data available, it would not be appropriate to determine normative O&M.
- Base figure for O&M expenses of Rs.25 Lacs/MW for 2019-20(in the draft), has been arrived at by taking 70% of the derived figure of Rs. 35.67 Lacs/MW for FY 2019-20, by the Hon'ble Commission.
- However, during the relevant period only one power Block had been in operation, except during Dec,2013-Nov,2015, when there was total stoppage of plant and operations have been limited to one Block, subsequently.
- O&M cost of Gas Turbine is a function of machine operating hours.
- Therefore the actual data needs to be applied with respect to one Block (660MW) and not with respect to 1967.08 MW.

# O&M expenses as proposed by CERC

- Conclusion

Request to consider O&M cost, as worked out below;

O&M Calculation	Amount in Rs Lakhs					
	2012-13	2013-14	2014-15	2015-16	2016-17	Avg. (Rs/MW)
Actual Exp. Lakhs/ MW	46.63	76.42	12.40	14.72	33.34	
Avg for 5 years (Lakhs/ MW)						36.70

# Implications of Non-Payment of Charges by the beneficiaries

- Total outstanding of MSEDCL : Rs. 3,287 Crores including surcharge of Rs. 1,232 Crores
- Consequential debt service defaults (on account of non-payment by beneficiaries), RGPPL classified as stressed assets by lenders.
- Insolvency and Bankruptcy Code (IBC) and RBI circulars have been stipulated to deal with the situation of debt defaults.
- Non-payment of bills also effect generators' ability to procure adequate fuel and absorb related risks and declare further availability.
- PPA s and Tariff Regulations are a composit package requiring parties to fulfil their respective obligations.
- The default of one party (not doing its part) affect the others' capacity to perform. Therefore the consequences of such defaults should also be dealt in the tariff Regulation, 2019.