

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

1. **Shri Ashok Basu, Chairperson**
2. **Shri K.N. Sinha, Member**
3. **Shri Bhanu Bhushan, Member**
4. **Shri A.H. Jung, Member**

**Petition No.46/2005**

**In the matter of**

Petition for relaxation of target availability norm of Kawas Gas Power Station and Gandhar Gas Power Station for the period 1.4.2004 to 31.3.2009.

**And in the matter of**

National Thermal Power Corporation Ltd., New Delhi

.... **Petitioner**

Vs

1. Madhya Pradesh State Electricity Board, Jabalpur
  2. Maharashtra State Electricity Board, Mumbai
  3. Gujarat Electricity Board, Vadodara
  4. Chattisgarh State Electricity Board, Raipur
  5. Electricity Department, Govt. of Goa, Panaji
  6. Electricity Department, Admn of Daman and Diu, Daman
  7. Electricity Department, Admn of Dadra & Nagar Haveli, Silvassa
- ...**Respondents**

The following were present:

1. Shri V.B.K. Jain, NTPC
2. Shri I.J.Kapoor, NTPC
3. Shri A.S. Pandey, NTPC
4. Shri S.K. Johar, NTPC
5. Shri N.N. Sadasivan, SM, NTPC
6. Shri S.D. Jha, NTPC
7. Shri S.K. Sharma, Sr. Manager (C), NTPC
8. Shri S.D. Prasad, NTPC
9. Shri D.D. Khandelwal, ACE, MPSEB
10. Shri D.K. Shrivastava, EE, MPSEB
11. Shri S.B. Khayalia, GM(TRPP), GUVNL
12. Shri Kamlesh P. Jangid, GUVNL
13. Shri U.V. Jiwane, EE, MSEDCL
14. Shri G.S. Trimukhe, MSEDCL

**ORDER  
(DATE OF HEARING: 24.1.2006)**

The petitioner, in this petition has prayed for relaxation of target availability norm in case of Kawas Gas Power Station (Kawas GPS) and Gandhar Gas Power

Station (Gandhar GPS) for the period 1.4.2004 to 31.3.2009. Both these generating stations supply power to the beneficiaries in the Western Region.

2. Kawas GPS was declared under commercial operation during 1992-93 with natural gas fuel linkage of 2.25 MMSCMD from HBJ pipeline for base load operation at 62.78% PLF, the norm applicable at the relevant time for recovery of full capacity (fixed) charges. The generating station was however, supplied gas up to a maximum of 2.01 MMSCMD. Similarly, Gandhar GPS was conceived, designed and declared under commercial operation during 1995 with natural gas as fuel, approved as a base load power station with the firm allocation of 1.5 MMSCMD from Gandhar fields and an assurance to increase the allocation of gas to 2.25 MMSCMD in due course of time. However, the supply position deteriorated as regards Gandhar GPS and it was reduced to 0.38 MMSCMD in physical terms. Liquid fuel firing facility was commissioned at Kawas GPS in June-July 1997 after the beneficiaries agreed to avail power generated by using liquid fuel, that is, Naphtha. Because of the prohibitive cost associated with renovation, liquid fuel firing facility could not be commissioned at Gandhar GPS. Therefore, in its 107<sup>th</sup> meeting held on 18.4.1998 at WREB, the beneficiaries consented to link Kawas GPS and Gandhar GPS with 85 Km long pipeline to enable optimum utilization of the two generating stations by diverting gas from Kawas GPS to Gandhar GPS and operate Kawas GPS on liquid fuel as this facility was available there. Subsequently, however, the proposal was modified and Gandhar GPS was connected with HBJ pipeline through a spur pipeline of 25 kms as it was more economical. Despite these arrangements, the two generating stations could not achieve the normative target availability for recovery of capacity charges. The petitioner, therefore, had pleaded for the relaxation of target availability in their tariff petition No.31/2001 for Kawas GPS and petition No.33/2001

for Gandhar GPS for the tariff period 2001-2004. While these petitions were pending finalization in the Commission, ABT was implemented in the Western region with effect from 1.7.2002. ABT implementation required that petitioner should declare availability of the station capacity on day ahead basis and therefore, the petitioner had made an application (Petition No.86/2002) for relaxation of target availability level in respect of these two generating stations for the period 1.7.2002 to 31.3.2004. The Commission in its order dated 1.11.2002 in Petition No.86/2002 has held as follows:

“16. In order to do even handed justice to both the parties, we direct as under:

(a) For the purpose of recovery of capacity charges Kawas GPS and Gandhar GPS shall be considered as single integrated unit. This is basically for the reason that the gas supply to these two stations has been operated in an integrated manner by transferring it from Kawas GPS to Gandhar GPS.

(b) Recovery of full capacity charges in respect of Kawas GPS and Gandhar GPS shall be allowed on the "unit" achieving 80% machine availability and 65% PLF, subject to dispatch instructions by WRLDC. The petitioner shall be liable to demonstrate the machine availability when asked to do so by WRLDC/WREB.

(c) In case the "unit" is unable to achieve 65% PLF coupled with 80% machine availability, the petitioner shall be liable to pay disincentive on pro-rata basis to the beneficiaries.

(d) The petitioner shall not be entitled to incentive even in case the "unit" achieves PLF of more than 77%.

(e) Special dispensation being made shall be applicable from 1.7.2002, the date of introduction of ABT in the Western Region and up to 31.3.2004, that is, during the current tariff period.

**(f) The special dispensation shall be reviewed while considering revision of norms for the period beyond 31.3.2004.**

(g) The parties shall be at liberty to seek review of these directions in the event of improvement of supply of gas for the "unit". (Emphasis added).

3. This relaxation was later made applicable with effect from 1.4.2001 for these stations relaxing target availability in the tariff order. The petitioner has stated that despite the best efforts made by it, it was not possible to procure sufficient quantity of gas to enable these generating stations to operate at the normative capacity. It has further stated that the beneficiaries are not requisitioning the power from Kawas GPS generated by using Naphtha, because of the very high cost of generation. Accordingly, the petitioner has sought to be allowed to treat Kawas GPS and Gandhar GPS as single integrated unit for the purpose of recovery of capacity charges on the "unit" achieving 80% machine availability at individual station and 65% combined availability. The prayer is in terms of the order dated 1.11.2002 in Petition No.86/2002.

4. The terms and conditions for determination of tariff for the period 1.4.2004 to 31.3.2009 have been specified by the Commission in terms of the Central Electricity Regulatory Commissions (Terms and Conditions of Tariff) Regulations, 2004 (the regulations). As specified in sub-clause (a) of clause (i) of regulation 16 of the regulations, in respect of all thermal power generating stations, except those specifically mentioned under sub-clauses (b) and (c) thereof, target availability for recovery of full capacity (fixed) charges is 80%. These two generating stations are not exempted in terms of sub-clauses (b) and (c) and thus, the target availability for recovery of full capacity (fixed) charges of 80% applies to Kawas GPS and Gandhar GPS individually. The petitioner seeks relaxation under proviso to clause (2) of Regulation 2 and also regulation 13.

5. The reply to the petition has been filed by MPSEB (Respondent No.1) Maharashtra State Distribution Company Limited (successor of Maharashtra State

Electricity Board, Respondent No.2) and GUVNL (successor of GEB, Respondent No.3). The respondents have opposed grant of relaxation to the petitioner. According to them, the arrangement for gas supply is the responsibility of the petitioner. The respondents have relied upon CEA letter No. 13/AI/COR/GM-98/197 dated 28.1.1998 wherein CEA had decided that after 31.3.1998 the risk of non-availability of fuel and transportation is to be borne by the petitioner as it could not be absolved of the responsibility of arranging gas for its generating stations. The respondents have also relied upon the following observations in the order dated 15.12.2000 in Review Petition No.13/2000.

"We are also of the view that issue of non-allocation of gas falls within the realm of petitioner's commercial risks and making arrangement for adequate fuel is the responsibility of the generating company".

6. We have considered the rival submissions. Proviso to clause (2) of regulation 2 cannot be invoked in the present case as the said provision applies only where the tariff for the period ending 31.3.2004 was not determined under the terms and conditions for determination of tariff applicable for the period 1.4.2001 to 31.3.2004. In respect of Kawas GPS and Gandhar GPS tariff was determined based on the terms and conditions applicable for that period.

7. The relaxation in the normative target availability level granted by order dated 1.11.2000 was "one time" act. This, inter alia, was for the reason that target availability level for recovery of capacity (fixed) charges was increased from 62.78% to 80% with effect from 1.4.2001. While granting relaxation, the Commission had noted that the special dispensation being allowed was to be reviewed, while considering revision of norms for the period beyond 31.3.2004. The terms and conditions for determination of tariff for the period 1.4.2004 onwards have already

been notified. The target availability of 80% has been retained in respect of the generating stations belonging to the petitioner except for Tanda TPS. When specifying the fresh norms for tariff determination applicable from 1.4.2004, the Commission did not consider it appropriate to provide for relaxed target availability for any generating station in case of inability of the petitioner to obtain sufficient quantity of fuel. Sufficient time was available with the petitioner to make necessary arrangements for supply of gas from alternative sources after grant of relaxation by order dated 1.11.2002. The petitioner as a commercial entity has to bear the responsibility to ensure that its generating stations are available to the respondents who do not have any role in arranging availability of fuel for the generating stations in question. Therefore, considering the totality of the circumstances we do not consider it to be a fit case for grant of relaxation in target availability, as prayed for, by invoking powers under regulation 13. The petitioner is, however, at liberty to divert gas supply from Kawas GPS to Gandhar GPS in terms of the consent already given by the beneficiaries in the Western Region. The petitioner is also at liberty to declare availability of Kawas GPS based on liquid fuel for which also the beneficiaries have given their consent.

8. In the above terms, the petition stands disposed of.

Sd/-  
**(A.H. JUNG)**  
**MEMBER**

Sd/-  
**(BHANU BHUSHAN)**  
**MEMBER**

Sd/-  
**(K.N. SINHA)**  
**MEMBER**

Sd/-  
**(ASHOK BASU)**  
**CHAIRPERSON**

New Delhi dated the 16<sup>th</sup> February 2006