

**BEFORE THE CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.24/2000

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Present:

1. Shri S.L. Rao, Chairman
2. Shri D.P. Sinha, Member
3. Shri G.S. Rajamani, Member
4. Shri A.R. Ramanathan, Member

In the matter of

Proposal for purchase of power by PTC from HIRMA Mega Power Project and sale of such power on back to back basis to SEBs .

In the matter of :

M/s. Power Trading Corporation of India Ltd.,
1115-16, Hemkunt Chambers
89, Nehru Place, Petitioner

New Delhi-110 019.

AND

M/s. Southern Energy Asia -Pacific Ltd., Respondents
(SEAP) and SEBs

The following were present on behalf of the parties

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|------------------------------------------------|-------------|
| 1. Shri Rakesh Nath, Dir. , PTC | Petitioner |
| 2. Shri S. Seth Vedantham, Adviser, PTC | -do- |
| 3. Shri Mahendra Kumar,GM, PTC | -do- |
| 4. Shri A.K. Maggu, Sr. Manager | -do- |
| 5. Shri Sanjay Kapoor, Country Manager, SEAP | Respondents |
| 6. Shri Sanjeev Aggarwal, Fin. Analyst ,SEAP - | -do- |
| 7. Shri Victor Choi, Sr.Project Analyst, SEAP | -do- |
| 8. Shri K.B. Gopalakrishnan, SVP,SBI, CAP. | Consultants |
| 9. Shri Harsh Gupta, AVP, SBI CAP. | -do- |

Record of hearing of the Review meeting held on 3.8.2000

As per the directions contained in the Commission's order dated 31st July, 2000, the first review meeting with SBI Caps (Consultants) has been held on 3rd August, 2000, where the representatives of the petitioner and the respondent No.1 are present. The Commission made it clear that the proceedings of the review meeting are open proceedings and the representatives of the parties to the petition including the SEBs are at liberty to attend. The

Commission advised PTC to keep all concerned SEBs informed of the review meetings to be held in future. The Commission impressed upon all concerned to be punctual in attendance of the review meetings since these are like the judicial proceedings of the Commission, though devoid of the formal court procedure.

2. SBI Caps informed that they have confirmed to Black & Veatch Corporation about their appointment as technical consultant and have also deputed one of their representatives on 2/8/2000 to USA for working with the technical consultants. SBI Caps have informed that initial payment has been received from SEAP through Reliance. The representative of PTC confirmed that post-dated cheques would be deposited by today evening.
3. SBI Caps further informed that they have already held meetings with PTC, SEAP, as a result of which the differences have narrowed down. SBI Caps also explained that they are looking at both the tariffs of PTC and SEAP. In the case of SEAP, details of capital cost are not on record. They would be in a position to carry out proper comparison of tariff if their capital cost is known. Black & Veatch Corporation, the technical consultant, would also work out the capital cost of such a project from which tariff can be derived after applying the necessary corrections in the Indian context. In accordance with the Terms of Reference item no. 6, they would also have to benchmark the Hirma tariff with any of the competitively bid project tariff in India. In case such benchmarking cannot be done with a competitively bid project in India, they may consider benchmarking the tariff of Hirma with ICB projects outside India.
4. As regards super critical boilers, it was brought out by the PTC that no specific study was done for Hirma. A report prepared by EPDC, Japan for Sipat TPS of NTPC would be available with NTPC and details may also be available with M/s. BHEL. SBI Caps indicated that the Black & Veatch Corporation has the mandate to study the type of boilers, duly taking into account the technical, economic and environmental angles. SEAP indicated that in case super critical boilers are required, there will be cost increase on account of cost of boiler as well as time schedule for completion of the project, delayed returns to the investors, etc. The views expressed by various parties would be analysed thoroughly by SBI Caps before making final recommendations.
5. On the question of data requirement, SBI Caps indicated that they are receiving data from various agencies and requested revised Lahmeyer curve to be arranged from ICICI. PTC would check with PGCIL with regard to availability of ICICI report for the Hirma Project and in case it is available with PGCIL, they would obtain the same and pass it on to SBI Caps. SEAP indicated that they have already furnished to SBI Caps the updated Lahmeyer curve for the year 2000. PTC suggested that SEAP could also be asked to furnish all the document/details of tariff alongwith basis/justification for proper evaluation.
6. SBI Caps confirmed that they would be using their own financial model for evaluation of financial packages.
7. SBI Caps also confirmed that they are interacting with MoP for obtaining PPAs for various projects.
8. The Commission informed SBI Caps as under :-
 - i. They have the authority of CERC and as such should call for data as required for proper evaluation of the tariffs;
 - ii. The principles of mega power policy and the suggestions of SIG in its various meetings with regard to mega power projects shall be kept in view;
 - iii. They may, if necessary, record evidence of the key persons of the tariff committee;
 - iv. payment terms to the Consultants are subject to timely completion of the job in a

satisfactory manner.

9. The next review meeting shall be held **on 9-8-2000 at 10.00 AM** as already decided. It was agreed by all concerned that the regular working meetings with SBI Caps be held at their local office.

Sd/-
(A.R. Ramanathan)
Member

Sd/-
(G.S. Rajamani)
Member

Sd/-
(D.P. Sinha)
Member

Sd/-
(S.L. Rao)
Chairman

New Delhi dated 3rd August, 2000.