

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

L-7/25(5)/2003-CERC

Coram:

- 1. Shri Bhanu Bhushan, Member**
- 2. Shri R. Krishnamoorthy, Member**

STATEMENT OF REASONS

Grid Corporation of Orissa Ltd (GRIDCO) had made an application, being Petition No.59/2007 for revision of operational parameters and norms for determination of tariff in respect of Talcher TPS (the generating station) for the period 2004-05 to 2008-09. The Commission by its order dated 20.8.2007 proposed that the following revised norms should apply to the generating station with effect from 1.10.2007.

Parameter	
Availability (%)	80
PLF (%)	80
Auxiliary Power Consumption (%)	10.50
Sp. Oil Consumption (ml/kWh)	2.0
Gross Heat Rate (Kcal/kWh)	2975

2. While proposing the above operational norms, the Commission took note of the performance of the generating station for the years 2001-02 to 2005-06, as under, as given by NTPC in its affidavit dated 26.4.2007:

Parameter	Unit	Annual Average				
		2001-02	2002-03	2003-04	2004-05	2005-06
Availability*	%	72.62	63.75	72.95	85.59	91.70
PLF	%	61.19	55.95	67.78	79.33	87.60
APC	%	11.58	11.47	10.73	10.58	10.07
Sp.Oil Consumption	MI/kWh	2.20	1.60	1.55	0.78	0.40
Gross Station Heat	kCal/kWh	3150	3144	3000	2924	2913

3. The Commission in its order dated 20.8.2007 had directed NTPC to place on record the operational parameters achieved during the year 2006-07. In compliance with the direction, NTPC has filed an affidavit on 6.9.2007 indicating the actual parameters achieved during the year, as under:

Parameter	Unit	Annual average 2006-07
Availability*	%	89.97
PLF	%	88.10
APC	%	10.19
Sp.Oil Consumption	MI/kWh	0.44
Gross Station Heat	kCal/kWh	2904

*Time availability of the machine on bar, irrespective of capacity

4. As per the Commission's proposal, a draft notification was published to invite suggestions and comments from the stakeholders on the revised operational norms proposed. The suggestions and comments have been filed by NTPC as also GRIDCO.

5. NTPC in its comments has stated that the generating station is still undergoing R&M and therefore, the Commission should not review the operational norms till completion of R&M works. These comments of NTPC are based on the observations made by the Commission in its order dated 16.1.2004 in Petition No.67/2003, which envisages revision of operational norms after completion of R&M works. It has been stated that though there is an improvement in the operational performance of the generating station during the on going R&M works, yet the performance is not sustainable till R&M works are completed in all respects. NTPC who has argued in favour of

continuation of the existing norms, has stated that improvement in operational norms in the recent past has been made possible not only because of R&M works carried out at the generating station but also on account of higher operational and maintenance (O&M) expenditure stated to have been incurred. NTPC has urged that in case the Commission decides to revise the operational norms based on improved performance, the Commission should also revise norms for tariff based on actual O&M expenditure for the previous three years. NTPC has further submitted that certain new systems are being added due to statutory requirements in next two years. These systems are namely ash handling and ash water recirculation systems. Effluent treatment plant, sewage treatment plant, chlorination system, wet dust suppression system etc., which would increase the auxiliary energy consumption by 0.6%

6. GRIDCO in its comments and suggestions has stated that actual availability/PLF during 2006-07 has been of the order of 88.53% and the auxiliary power consumption has been 9.91%. In support of its contention, GRIDCO has placed on record, its own computations. GRIDCO has prayed that before finalizing the operational parameters, the Commission should take into account the actual achievements of the generating station during the year 2006-07 as regards gross station heat rate, PLF/availability and specific fuel oil consumption as given by NTPC, but has submitted that auxiliary power consumption should be fixed at 9.91%.

7. The contentions now raised by NTPC were considered by the Commission in its order dated 20.8.2007 while proposing the revised

operational norms. In this regard, while proposing to revise the operational norms with effect from 1.10.2007, the Commission had observed as under:

“We have considered the rival submissions. It has been noted that major part (75%) of R&M works of the generating station is already complete. As a result of the R&M, actual operational parameters have considerably improved on all counts as noticed from the details furnished by the respondent. The respondent has been allowed the revised fixed charges based on the completed R&M activities. We do not find any reason or justification to continue with the operational norms specified earlier and energy charges worked out based on those norms consequent to R&M. The benefit of reduction in variable cost consequent to R&M (for which the applicant is paying the higher revised capacity charges) has to be passed on to the applicant. A similar view was taken by the Commission in respect of Tanda Thermal Power Station under similar circumstances”.

8. On perusal of the data submitted by NTPC regarding the performance of the generating station during the year 2006-07, it is noted that the operational parameters actually achieved during 2006-07 are not in any manner inferior to those achieved during 2004-05 and 2005-06. The performance of the generating station has generally stabilized over a period of time. Therefore, the plea of NTPC that the operational parameters actually achieved are not sustainable over a period time cannot be accepted. While proposing the revised norms we have provided some cushion over the actual performance of the generating station. Nevertheless, we take note of the fact that certain additional facilities are being added which may effect the auxiliary energy consumption of the station and grant liberty to NTPC to approach Commission for the relaxation of auxiliary energy consumption norm if deemed necessary, after addition of such facilities.

9. Further, NTPC's plea for revision of O&M norms based on actual expenditure under this head for the previous three years does not merit consideration, being outside the scope of the present proceedings. Therefore, it is not necessary to express any opinion on this aspect.

10. Coming to the contentions of GRIDCO, it is noted that the Commission, while proposing the revised norms applicable from 1.10.2007 had taken into consideration, the performance of the generating station up to the year 2005-06. The performance for the year 2006-07 is almost on the same footing. Therefore, no fresh consideration on the issue is needed.

11. In view of the foregoing, we direct that the draft notification already published be finalized and sent for publication.

Sd/-
(R. KRISHNAMOORTHY)
MEMBER

Sd/-
(BHANU BHUSHAN)
MEMBER

New Delhi dated the 26th September 2007