

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Record of Proceedings

Petition No.109/2009

Subject: Approval of tariff of SUGEN Power Plant (1147.5 MW) of Torrent Power Ltd for the period from the date of commercial operation of Block 10(first block) upto 31.3.2014.

Coram: Shri R.Krishnamoorthy, Member
Shri S.Jayaraman, Member
Shri V.S.Verma, Member

Date of Hearing: 8.10.2009

Petitioner: Torrent Power Ltd.

Respondents: TPL (Ahmedabad distribution), TPL (Surat distribution), PTC, MPPTCL.

Parties present: Shri T.P.Vijayasathy, TPL
Shri A.K.Ghosh, TPL
Shri Jayesh Desai, TPL
Shri Vinodh Khanna, TPL
Shri R.S.Negi, TPL
Shri Ajasra Gupta, MPPTCL

This petition has been filed by the petitioner, Torrent Power Ltd, for approval of tariff of SUGEN Power Plant (1147.5 MW) (hereinafter referred to as “the generating station”) for the period from the date of commercial operation of Block 10 (first block) upto 31.3.2014, based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as “the 2009 regulations”)

2. The representative of the petitioner submitted that the Commission by order dated 26.9.2007 in I.A. No.80/2006 in Petition No. 154/2005 had accorded ‘in principle’ approval of the capital cost of US \$ 349.58 Million + Rs.1458.80 crore including IDC and FC equivalent to Rs.3038.90 crore @ foreign exchange rate of Rs.45.20/US \$ for the generating station. The representative of the petitioner also submitted that though there had been a delay of about 18 months in the commissioning of the generating station, the project had been executed at a cost lesser than the cost approved by the Commission. He also submitted that an amount of Rs.278 crore received as liquidated

damages from the Original Equipment Manufacturer (OEM) has been reduced from the capital cost.

3. The representative of the petitioner submitted that it has claimed tariff in terms of the 2009 regulations except for O&M expenses which had been claimed at actuals since the generating station has been installed with advance class gas turbines [equivalent to F class] in single shaft configuration with high operating efficiency and low NOx emissions with model code 'SGT5 4000F' supplied by Siemens AG Germany which provides the generating station with the state of the art technology. He also submitted that the said gas turbines had been installed for the first time in the country and arrangements had been made for the supply of spares and service of the gas turbines with the OEM, on a time bound basis. The representative also submitted that the petitioner had also entered into Long Term Supply Agreement (LTSA) for supply of critical spares including replacement of critical components and Long Term Maintenance Agreement (LTMA) with Siemens for provision of skilled manpower with specialized technical knowledge. The representative also submitted that normative O&M expenses per MW for gas based stations, prescribed by the Commission under the 2009 regulations, could not be made applicable for generating stations with advance F class gas turbines and it was difficult to draw any comparison in terms of the cost with the existing gas turbines. The representative further submitted at length the special significance of the advance class (F) gas turbines and prayed that O&M expenses as claimed be allowed. The representative also submitted that repayment of loans had been made from internal resources and hence notional IDC had been added to the capital cost of the generating station.

4. On a specific query as to whether the issue of higher O&M was raised earlier, the representative of the petitioner replied in the negative.

5. On a further query whether actual assessment of the temperature at the inlet to turbine (Tit) had been made to verify if it was in the order of 1300 °C, the representative of the petitioner prayed for a short time to make such assessment and report the same to the Commission.

6. The representative of the respondent, MPPTCL, sought time to file its reply. Let the reply be filed by 30.10.2009.

7. The Commission directed the petitioner to furnish the following information:

- (a) Copy of the LTSA-LTMA agreements along with;
- (i) Clarification whether such agreements/ arrangements were part of the specification at the time of calling of bids for the generating station;
 - (ii) Whether the offers given by the bidders were inclusive of such arrangements and had been considered in deciding the lowest bidder and if not so, whether the prices were negotiated subsequent to the finalization of the bids;
 - (iii) List of parts covered under LTSA-LTMA and if these are distinctly different than those covered under normal normative O&M.
- (b) Detailed workings along with assumptions and parameters considered in order to arrive at the figures for O&M expenses in Rs/lakh/MW as per LTSA-LTMA and also for other O&M costs for components not covered under the LTSA-LTMA.
- (c) Cost-benefit analysis over the life time to show that improved efficiency with higher O&M expenses resulted in lower tariffs for these machines as compared to those with the machines already in operation with NTPC stations.

8. The Commission directed the petitioner to file the above information along with the information at para 5 above, with advance copy to the respondents, latest by 30.10.2009.

9. Subject to the above, order in the petition was reserved.

Sd/-
(K.S.Dhingra)
Chief (Legal)