

From madduri thimma reddy <thimmanna_m@rediffmail.com>
Sent Monday, April 18, 2016 11:50 am
To secy <secy@tserc.gov.in>
Subject Comments on NTPC PPA

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To, The Secretary, T.S. Electricity Regulatory Commission, 5 th Floor, Singareni Bhavan, Red Hills, Lakdi ka pool, Hyderabad – 500 008	From, M. Thimma Reddy, Convenor, People’s Monitoring Group on Electricity Regulation, 139, Kakatiyanagar, Hyderabad – 500 008
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Date: 18-04-2016

Dear Sir;

Sub:- Comments on Draft PPA with NTPC for Telangana Super Thermal Power Station Phase – I (TnSTPS I)

Ref:- Public Notice with respect to O.P. No. 10of 2016

1. The petition for approval of the PPA in question was filed under Section 86 (1) (b) of the Electricity Act, 2003. According to this Section the State Commission shall “regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the state.” The present PPA is being entered in to with National Thermal Power Corporation (NTPC) which is a central government owned and controlled power generation company. According to Section 79 (1) (a) the Central Commission shall “regulate the tariff of generating companies owned or controlled by the Central Government.” This implies that the Central Electricity Regulatory Commission (CERC) alone has jurisdiction to determine tariff in the present case. Also, all the provisions contained in the present PPA can as well become part of the PPA to be approved by the CERC. As such the present PPA becomes superfluous.

2. The present PPA is being signed by TSSPDCL only. There is no mention of TSNPDCL. While the Public Notice of TSERC mentions TSSPDCL as the lead procurer the PPA mentions procurer(s) and does not specify TSSPDCL as the lead procurer. There is no definition of procurer(s) in the PPA. This issue needs to be clarified.

3. Telangana Super Thermal Power Station Phase – I (TnSTPS I) is being set up by NTPC as per the mandate at 13th Schedule (Infrastructure Clause – 7) of the AP Reorganization Act, 2014. The total capacity of the plant is meant for the state of Telangana. According to Clause 2.2.1 “Allocation of capacity from the Station to the State of Telangana shall be decided by GoI.” Following the AP Reorganisation Act it shall be mentioned that total capacity of the Station shall be allocated to the

State of Telangana.

4. In Clause 2.2.2 of the PPA it shall be mentioned that the State Government of Telangana shall allocate capacities between the procurers.
5. While Clause 3.1 states “it shall be the obligation and responsibility of procurer(s) to make the required arrangement for evacuation of electricity”, Clause 3.2 states “For timely and expeditious development of the required transmission system for evacuation of power from the said project to its various beneficiaries, NTPC shall initially make an application for Connectivity and Long-Term Access to the CTU, POWERGRID on behalf of the beneficiaries.” Here it needs to be mentioned that total capacity of TnSTPS is meant for the State of Telangana and that it is not an inter state plant though it is being executed by the central utility NTPC. As it is not an inter state plant there is no need to approach the CTU for evacuation facilities and the TSTRANSCO shall be entrusted with the responsibility of setting up the required transmission system.
6. As there is a clear provision for effective Letter of Credit (LC) for adequate amount there shall be no need for ESCROW arrangement.
7. The Public Notice issued by TSERC mentioned the estimated cost of the project (2 X 800 MW) as Rs. 9954.20 cores. We are of the opinion that this needs to be finalised by the CERC after detailed scrutiny of the NTPC proposal, duly taking in to account the opinion of procurer(s) from Telangana state as well as other stakeholders, following the due public process.
8. We request the Commission to take our above comments on record and allow us to be heard in person before the Commission takes a decision on the above PPA.

Thanking you.

Sincerely yours,

M. Thimma Reddy

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