

Tariff order

for

Tenughat Vidyut Nigam Limited

for FY 2005-06

Jharkhand State Electricity Regulatory Commission (JSERC)

CHAPTER 7

DIRECTIONS

7.1 The Commission has identified several areas where the Petitioner needs to make substantial efforts for improvement. The Commission is therefore, issuing these directives to the petitioner and the petitioner is required to follow these directives on a priority basis. The Commission requires the petitioner to submit compliance report of the progress made on a quarterly basis on implementation of these directives. These directives are given below -

7.2 Loan Refinancing option

The Commission is of the view that the rate of interest payable for the Government of Bihar and Government of Jharkhand loans is too high especially with regard to the current trend of falling interest rates. The Commission considers the fact that TVNL has approached the Government of Jharkhand for reducing the rate of interest on its outstanding loan. However, since there has not been any further action taken by TVNL in this regard, the Commission directs TVNL to aggressively follow-up its proposal with the Government of Jharkhand and swap the high interest rate loans with lower rate of interest during FY 2006-07.

7.3 Railway Line Operation

The Commission had in its Generation Tariff Order for TVNL for FY 2004-05, directed the petitioner to get the Railway construction completed by March 2005 and that the railway transportation should be available from April 2005. TVNL has stated that the entire work of track lining from Dumri Bihar Station to Plant area has been entrusted to two agencies – East Central Railway and Rites Limited. The petitioner has stated that though the railway department has already completed most of the works, some work still remains incomplete. Taking this into consideration, the Commission directs TVNL to get the Railway construction completed by both the agencies, by June 2006 and railway transportation to be available thereafter.

7.4 Scheduled Maintenance Plan

The Commission in its Generation Tariff Order for TVNL for FY 2004-05 had directed the petitioner to have a well documented spares inventory management system and maintenance plan. The Commission had also directed TVNL to have its own self

contained Workshop. Since the petitioner has not provided these details, the Commission further directs TVNL to submit a detailed maintenance plan with information on maintenance activity, personnel involved, tools, tackles, time schedule, shutdown, spares and actions required to be performed.

7.5 Operational Efficiency

The Commission considers that fact that TVNL has engaged CENPEEP and NTPC for assessment of operational efficiency of Unit I and Unit II and directs TVNL to submit the findings of the energy audit to the Commission by June 2006.

7.6 Proper Data Recording System

The Commission in its Generation Tariff Order for TVNL for FY 2004-05 had directed the petitioner to provide to the Commission an action plan for improved accuracy of data recording and improvement in operation to normative levels. For any power plant to perform efficiently, it is imperative that its actual operation levels are comparable to the norms set by the Commission. In this regard, to have a proper and accurate data recording system is very essential. Since TVNL has not acted on this directive, the Commission directs TVNL to submit this action plan during FY 2006-07.

7.7 Auxiliary Consumption

The Commission has observed that the auxiliary consumption that has been reported by TVNL in its petition for FY 2005-06 is very high. Further the Commission has noted that TVNL's power supply to its nearby villages and to its own colony is being clubbed with auxiliary consumption. Since it has been communicated by TVNL that digital energy meters would be installed in colony substations by January 2006 and also since both Units of the thermal plant are operational, the Commission directs TVNL to bring down its auxiliary consumption to normative levels during FY 2006-07.

7.8 Specific Oil Consumption

The Commission has observed that the specific oil consumption reported by TVNL in its petition for FY 2005-06 is higher than the normative levels. The Commission considers the fact that since one of the units has not been operational during most of FY 2005-06, high specific oil consumption has been reported by TVNL. However, since December 2005 onwards both the units of the thermal plant are functional, the Commission directs TVNL to bring down its specific oil consumption to normative levels during FY 2006-07.

7.9 Ash Utilization and Management

The Commission has observed that huge quantities of ash are piled up at the thermal power project site. Further, TVNL has reported a huge amount of expenditure to the tune of Rs. 350 lakhs towards ash disposal during FY 2005-06. The Commission is of the opinion that ash has specific utilities depending upon its characteristics and engineering properties. Based on its properties; the ash can be processed to enhance its utility. Ash needs to be converted into ash based products and utilized so that ash does not fly in air; it does not get washed away with surface water flow and also does not get leached to cause ground water pollution. Further, as per the MOEF Notification dated September 14, 1999 all existing thermal power plants as on September 1999 have to achieve ash utilization level of 100% in a phased manner by 2013-14 in accordance with 15-year

action plan. Hence, the Commission directs TVNL to take necessary initiatives to sell the ash either by their own efforts or by engaging private entrepreneurs to ensure effective ash utilization. The progress should be reported on a quarterly basis.

7.10 Debt-equity Conversion Proposal

TVNL has indicated in its petition submitted for FY 2005-06 that they have forwarded a proposal to the Government of Jharkhand for conversion of loan including the interest thereon for Rs. 1000 crores into share capital of TVNL. They have also requested for waiver of all interest liabilities remaining after the conversion of loan into Share Capital. The Commission directs TVNL to submit in its ARR for FY 2006-07, detailed breakup of the amount of loan and interest that has been converted into the share capital of TVNL.

7.11 Recovery of dues from Jharkhand State Electricity Board (JSEB)

TVNL has indicated that the total amount of dues that have to be recovered from JSEB amount to approx. Rs. 434 Crore. The Commission has received the correspondence between TVNL and Government of Jharkhand for recovery of dues from JSEB. The Commission directs TVNL to take stronger action on this matter during FY 2006-07.

7.12 Power Evacuation

The petitioner has informed the Commission that Power Trading Corporation (PTC) has finalized the agreement with TVNL to trade power. The Commission directs TVNL to clearly indicate the rate at which it would trade power with PTC in its ARR for FY 2006-07.

This order is signed and issued by the Jharkhand State Electricity Regulatory Commission on this day the 30 of March 2006.

This order shall be effective from 01.01.2006

Sd/

Member(Legal)

Sd/

Chairman

Certified Copy

Secretary