

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

**Petition No.2/99**

**Coram:**

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**

Availability Based Tariff

**And In the matter of**

Union of India, Ministry of Power, New Delhi.

Petitioner

**ORDER**

The Commission in terms of its order dated 4.1.2000, inter alia, directed that the initial target availability for lignite based stations shall be 77% w.e.f. 1<sup>st</sup> April, 2000, and 82% from 1<sup>st</sup> April, 2001 and onwards. At the time of issue of order dated 4.1.2000, the schedule for National Thermal Power Corporation (NTPC's) thermal stations only could be finalised and annexed to the said order; pending further technical discussions, the schedule for lignite stations of Neyveli Lignite Corporation(NLC) was to be released separately.

2. Even before the finalisation of the schedule for lignite stations, NLC filed a review petition (No.21/2000) against the order dated 4.1.2000. Similarly, NTPC had also filed a review petition (No.13/2000) against the said order dated

4.1.2000 which was admitted by the Commission for hearing and meanwhile operation of the order dated 4.1.2000 was stayed. When the review petition (No.21/2000) filed by the NLC came up for hearing before the Commission, Shri V.R. Reddy, Senior Advocate, appearing on behalf of NLC prayed that it be kept pending till disposal of review petition No.13/2000 filed by NTPC. The prayer made by the learned senior counsel was granted, with liberty to the petitioner, NLC to take further steps for hearing of the petition after decision on review petition No.13/2000 wherein NLC is impleaded as a respondent.. Shri V.R. Reddy requested that NLC's review petition No.21/2000 may be considered as its response to the NTPC's review petition No.13/2000.

3. At the hearing of review petition No.13/2000, it was contended on behalf of NLC that the target availability of 77% for the first year and 82% for the subsequent years for recovery of full fixed charges in respect of its stations was not justified. It was pointed out that the details furnished earlier on behalf of NLC for the period from 1994-95 to 1998-99 for 3 units of 210 MW (stage-I) and 4 units of 210 MW (stage-II) in respect of TPS-II were of the machine availability at generator terminals and as such, these details could not form the basis for prescribing the target availability of 77%/82%. NLC also raised the issue regarding the fuel availability in respect of its power stations, which is solely from its own captive mines. It has also come to the notice of the Commission that the capacity of the mines for stage-I of TPS-II is 47 lakh tonnes per annum and the capacity of mines for stage-II of TPS is indicated as 58 lakh tonnes per annum. In these cases, the capacity utilisation of mines has been considered as 85% for

arriving at the transfer price. The specific fuel consumption as per the agreement entered into by NLC and the beneficiaries indicates the lignite consumption as 1.24 Kg/Kwh on net basis. The auxiliary power consumption has been agreed at the level of 10% and specific fuel oil consumption has been agreed at 3 ml/Kwh on gross basis. Based on the above facts, the Plant Load Factor (PLF) that can be achieved with full capacity utilisation of lignite mines is only 73.06%. (76.3% for stage I and 70.63 for stage II), as demonstrated below:

1. Specific lignite consumption on net basis : 1.24 Kg/Kwh
2. Specific lignite consumption on gross basis:  
with 10% Auxiliary power consumption : 1.116 Kg/Kwh
3. Gross generation at 68.49 PLF for both  
Stage-I and Stage-II : 8820 Mus
4. Total lignite consumption at 68.49% PLF : 98.43 lakh tons
5. Total capacity of the mines of TPS - II : 105 lakh tons
6. Maximum PLF that could be achieved  
even if mines are operated at 100%  
capacity : 73.06%

4. The agreement entered by NLC with the beneficiaries presently valid up to March, 2001 provides for recovery of full fixed charges at 68.49% PLF and incentive is paid at the rate of full fixed charges for both the stage-I and Stage-II beyond a PLF of 70.2%.

5. For the purpose of finalisation of schedule for lignite stations, we take notice of the above facts. On consideration of these facts, we are of the view that

it is necessary to provide for some incentive to motivate NLC to reach higher level of performance in the Southern Region where there is shortage, both of MW and MWh . **Keeping these factors into account, including the available lignite capacity and its utilisation, we consider it reasonable that Availability for recovery of full fixed charges should be 72%. Since backing down due to system requirements is practically negligible in the Southern Region, the incentive shall start from 72% PLF.** It will provide a margin for incentive based on current level of performance and also scope for further improvement.

6. **In the light of above discussion, we have finalised the schedule for the thermal stations belonging to NLC, which is annexed to this order. The schedule shall be treated as a part of our order date 4.1.2000.**

7. **We direct that NLC shall file before the Commission its programme for augmentation of mine capacity along with necessary improvements in the performance of power stations so that the Commission is able to review the target availability and the incentive parameters duly taking into account the time required for making such improvements.**

8. **This order shall take effect from 1<sup>st</sup> April 2001 after expiry of the present agreements entered into by NLC with the beneficiaries in Southern Region.**

|                          |                        |                     |                   |
|--------------------------|------------------------|---------------------|-------------------|
| <b>Sd/-</b>              | <b>Sd/-</b>            | <b>Sd/-</b>         | <b>Sd/-</b>       |
| <b>(A.R. Ramanathan)</b> | <b>(G.S. Rajamani)</b> | <b>(D.P. Sinha)</b> | <b>(S.L. Rao)</b> |
| <b>Member</b>            | <b>Member</b>          | <b>Member</b>       | <b>Chairman</b>   |

New Delhi dated the 21<sup>st</sup> December, 2000.