



The Federation of Telangana Chambers of Commerce and Industry

(Formerly known as FTAPCCI)

Empowering Industry, Commerce & Trade

Registered under the Companies Act, 1956

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CIN U91110TG1964NPL001030

Ramakanth Inani
President

K. Bhasker Reddy
Senior Vice President

Anil Agarwal
Vice President

The Federation of Telangana Chambers of Commerce and Industry

FTCCI

Statement of Suggestions & objections

On The

Power Purchase Agreement

Between

NTPC Limited

AND

Southern Power Distribution Company of Telangana Limited

FOR

Telangana Super Thermal Power Project Ph-1 (2*800 MW)

Taken on record by TSERC -----OP- 10 of 2016

19th JULY, 2021



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July 19,2021

FTCCI/ENERGY/2020-21

The Secretary,

TSERC

5th Floor, Singareni Bhavan,

Red hills, Hyderabad.

Sir,

Sub : FTCCI responses to TSDISCOM's replies to our objectives on OP 10 of 2016 dated 6th July, 2021.

Referring to the subject, the following are the responses of the Federation of Telangana Chambers of Commerce and Industry for the replies of DISCOM.

FTCCI Observations on the PPA between NTPC & TSDISCOMS

1.1 This PPA entered into on 18-1-2016 was taken on record by TSERC as OP-10 Of 2016 and heard by this Honorable Commission on 20-06-2016 **and an Interim order was passed on 30-07-2016. The Commission gave certain directions to TSDISCOMS and in pursuance of the same TSDISCOMS are now seeking this**

Honorable Commission's consent to the PPA Dated 18-1-2016 read with **Amended & restated PPA dated 09.04.2021.**

1.2 TSDISCOMS have submitted additional submissions dated 18th April 2021 and Annexures in support of their request for Grant of APPROVAL to this PPA. We wish to place on record our appreciation that the regulatory oversight of this Honorable commission that has resulted in directives to amend and restate the earlier PPA Dated 18-1-2016 as explained in paragraph 1.1 above.

2.0 Details of the Project

In the interim order of this Honorable Commission for OP-1 of 2016 dated 30.07.2016 paragraph 3 states that TSSPDCL has vide a letter dated 14.02.2016 has furnished details of **“Estimated cost as Rs 9954.2 Crores and COD for the 1ST unit will be 52 months from Sero date indicated in the investment approval (yet to be approved). The COD of subsequent unit shall be at an interval of 60 months thereafter “**

We request the Honorable commission to direct TSSDISCOMS to reassess the DETAILS given in the TSSPDCL letter to the Honorable Commission No.CGM/Comm1/SE/IPC/F.TSTPP Ph-1/D.No 1781/16 dated 14.02.2016. It is now more than 65 months since the PPA was signed on 14.02.2016 and **therefore as a current status review, we wish to be informed about:**

- A) Any revision in the estimated cost. Has NTPC filed any petition with for projected cost approval with CERC?
- B) Status of Project Financing.
- C) Has the NOC from AAI, valid till 2018 been revalidated?
- D) Status of the Environmental Clearance from MoEF for the new Coal linkage
- E) What is the current Sero date for the project?
- F) The current expected COD.

2.1 Compliances by TSDISCOMS' of other Issues identified by TSERC

2.1.1 100% CAPACITY allocation appears to be a fait accompli as per TSDISCOMS due to evacuation of power by TSTRANSCO. We request the TSDISCOMS to tabulate the relative differences between today's costs of evacuation from STU instead of CTU. We further request TSDISCOMS' to

explain paragraph I) of their submissions dated 18th April 2021 for OP-10 of 2016 as under:

“Thus, the CERC Tariff Regulations, have facilitated the 100 % capacity allocation out of NTPC Telangana STTP Phase –1 (2*800 MW) to TSDISCOMS’ “

We are unable to be as sanguine as TSDISCOMS on the above reasoning, as we are not clear under which clause of which regulation this is being inferred. We request the Honorable Commission to suitably direct the TSDISCOMS to explain the basis of their conclusion, as HINGED on this regulation will be the foundation for the economics of Transmission charges Phase –2 of NTPC (3*800 MW).

2.2 Issue –Allocation of coal linkages from Odisha Coal mines (Reference paragraph vi) of Additional submissions dated 18-4-2021).

For a thermal generation power plant to be cost efficient, design specified calorific value of coal should be always be available from a coal mine consistently. Thus, besides the price of coal for the required grade of coal the transportation cost from the mine is a significant cost. Costs of oils & coal (including royalty, cess, taxes and transportation) is almost 55% of the revenue in the case of TSGENCO.

Coal India /SCCL coal prices are fixed by them and not, as of now, not negotiable and is outside the purview of any regulatory process, unfortunately. So, the location of the mine and rail connectivity decides the logistics costs (about 35% today on an average)

This Honorable Commission in the interim order for OP-10 dated 30.07.2016 in paragraph 34 gave their view:

“The variable cost of generation depends on the cost of coal delivered at the site. As stated by the DISCOM, if coal is allocated from the mines of Odisha State, it would be costlier. In view of the above, the DISCOM through the state Government may pursue with Coal India Limited and MoP ,GoI, for allocation of linkage of coal from Singareni mines instead of Odisha state mines for the TSTPP.”

As per additional submissions of TSDISCOMS dated 18th April 2021 paragraph (vi) under TSSDISCOMS ‘S Submissions sub-para (b),

“The coal requirement for NTPC would be 8 MTPA (Million tons per annum) based on estimated GCV of coal between 3200 to 3900 kcal/kg “

IT IS TO BE NOTED THAT in OP-10 of 2016 in the additional submissions of TSDISCOMS dated 18th APRIL 2021 under paragraph (vi) - **NTPC VIEWS -" No comments furnished by NTPC "**

We request the Honorable Commission to direct NTPC and TSDISCOMS' to submit THEIR ON ABOVE AS BOTH QUALITY AND QUANTITY AND ECONOMICS ISSUES ARISE.

2.2.1 THE TRANSPORTATION COSTS VARIANCE ANALYSIS BETWEEN MANAKINI –B COAL BLOCK AND THE REALLOTTED SCCL MINES., the primary reason as cited above for change in mines.

2.2.2 Is the required 8 MTA /Year of coal with the required GCV (3200-3900 Kcal/kg of coal) based on a written report from SCCL.

While Transportation costs are an important to consider, the primary basis we believe is the AVAILABILITY OF THE REQUIRED GRADE OF COAL.

It is not clear from the submissions of TSDISCOMS that SCCL has confirmed THE TWIN REQUIREMENTS OF QUALITY IN TERMS OF GCV (WITH THE AVERAGE SURFACE MOISTURE AND INHERENT MOISTURE) AND THE ESTIMATED QUANTITY REQUIREMENT OF 8 MTA/YEAR.

WE REQUEST THIS Honorable commission to direct TSDISCOMS to get such a report from SCCL and submit it to commission and upload after the commission scrutiny in the TSDISCOMS Website. TSDISCOMS are a distribution company and the actual PPA for Generation is with NTPC. As a leader in power generation the onus of responsibility of ensuring quantity and quality should with NTPC and TSDISCOMS, with due respect to their expertise cannot BE EXPECTED TO DO THIS ROLE.

We request this Honorable Commission to advise SCCL AND NTPC to be present and explain their position on the points raised hereinabove.

3.0 OUR PRAYERS

- 1. To direct the TSDISCOMS to file a revised cost estimate, if any.**
- 2. A review of the project status including project financial closure from NTPC, status of NOC from AAI, EC from MoEF for new coal linkage from TSDISCOMS**
- 3. The SERO date now and COD as on July 2021.**
- 4. A note on Cost benefit arising out of change of Mines from Odisha to SCCL, from TSDISCOMS**
- 5. A Cost comparison in transmission costs between CTU and now revised to STU from TSDISCOMS.**
- 6. A confirmation from SCCL regarding availability of required grade of coal both in terms of quantity (8 MTA/YEAR & 3200-3900 kcal/kg). The Annexure V, forming part of minutes of the standing Linkage**

Committee dated 18th August 2020, in page 6 of 10 is not clear to us. We request TSDISCOMS to clarify.

7. We be allowed to made any additional submissions and be allowed to present our objections/suggestion during the virtual public hearing.

TCCIs Response to the Replies given by TSDISCOMS by email on 12-7-2021 on the matter of OP-10 OF 2016, (PPA between NTPC & TSSPDCL) to the Statement of Suggestions and Objections filed by FTCCI on 6th July 2021.

We, during the hearing on 14-07-2021 submitted to this Honorable Commission that we got the TSDISCOMS replies on late evening of 12-07-2021 and the Honorable Commission granted additional time to respond during the hearing Slated for 20th July 2021. We are replying in Seriatim to the TSDISCOM mail of 12-07-2021 and our petition filed on 6-07-2021.

Sr.No 1of TSDISCOMs Reply

Our request was that TSDISCOMS reassess the project cost, zero date, current expected COD.

TSDISCOMs reply “The present project is within the investment approval accorded by NTPC”

Their further clarification is” NTPC have not yet filed petition at CERC for determination of Capital cost and Tariff. the same will be filed before unit 1 COD. (Tentative May 2022 and unit II COD is SEPTEMBER 2022.) “

We are sure that TSDISCOM would have been conducting periodic review with NTPC to assess project progress and escalation of costs. Their reply on this pertinent issue of Project financing is incomplete and unsatisfactory. NTPC should have clear picture by now and we hope that NTPC will respond during the hearing.

Sr.No 2 of TSDISCOMs Reply

To the specific directive of this Honorable Commission in the matter of 100% CAPACITY ALLOCATION, we had requested TSDISCOMS in our statement of suggestions and objections dated 6-07-2021 to explain Paragraph (1) of their 18th April 2021 submissions as under:

“Thus, the CERC Tariff Regulations have facilitated the 100% capacity allocation out of NTPC Telangana STTP Phase –1 (2*800MW) TSDISCOMs.

TSDISCOMs conclusion based on chapter –13, Article 55 is a clause applicable only “in the absence of any specific allocation -----” We are not clear and await advise from this Honorable Commission or a clarification from CERC. Perhaps it is an inference they would like to draw.

Our query on the cost benefit of changing from CTU to STU

TSDISCOMS reply is a one liner. “It is to submit that, in case if it is connected to STU then there would be a saving of around 56 paisa/kwh as POC losses of CTU would not be imposed “

This answer is not explaining the basis of this dramatic cost benefit. We request the basis of this figure with CALCULATIONS of transmission charges and basis of STU AND CTU charges.

If indeed this is fact, we submit that this Honorable commission intervene on behalf of we consumers through **“THE FORUM OF REGULATORS “or appropriate authorities on such abnormal cost differences in Transmission costs between STU AND CTU, all of which are costs borne by the consumer.**

To our query on the advantages arising from change of mine source from Mandakini –B mine and SCCL

We wanted TSDISCOMs/NTPC to confirm

1) A clear written confirmation on availability of 8 million tons/year for 25 years at the required quality of 3220-3900 KCAL/KG from COAL INDIA /SCCL.

TSDISCOMS OR NTPC have not given a clear answer.

We submit that the quantity and specifically quality is the basis for plant performance and generation costs and we once again request THIS Honorable commission to direct TSDISCOMS /NTPC to PROVIDE THIS IMPORTANT CONFIRMATION. TSDISCOMS havestated that SCCL has communicated to supply coal to NTPC Telangana plant. Is there a confirmation of quality?

Regarding cost advantage due to transportation TSDISCOMS have stated

“Approximately Rs 2000/ton is being saved in transportation costs, if the coal re-allocated to SCCL instead of Mandakini B Coal mine “

We request TSDISCOM/NTPC, who in the first place be bearing the transportation cost to substantiate this conclusion.

TSDISCOMs continue to be shy of showing written documentary confirmation and this is not confidence building measure for we consumers from a regulated body (TSDISCOMs) for whom several of these costs would a pass through as it would be for NTPC. Since energy costs are a substantial part of the cost of production for manufacturing industries, we request this Honorable commission to direct the TSDISCOMS /NTPC to give replies to our queries.

