



## **The Federation of Telangana Chambers of Commerce and Industry**

(Formerly known as FTAPCCI)

**Empowering Industry, Commerce & Trade**

Registered under the Companies Act, 1956

**REGD OFFICE :** Federation House, Federation Marg , 11-6-841, Red Hills, Hyderabad 500004,  
Telangana, India. Tel : 91-40-23395515 to 22 (8 lines), Fax : 91-40-23395525  
e-Mail : [info@ftcci.in](mailto:info@ftcci.in) ; website : [www.ftcci.in](http://www.ftcci.in)

CIN U91110TG1964NPL001030

**Ramakanth Inani**  
President

**K. Bhasker Reddy**  
Senior Vice President

**Anil Agarwal**  
Vice President

**Before the Telangana State Electricity Regulatory Commission**

**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**

JULY 2021



CIN U91110TG1964NPL001030

## The Federation of Telangana Chambers of Commerce and Industry

(Formerly known as FTAPCCI)

Empowering Industry, Commerce & Trade

Registered under the Companies Act, 1956

REGD OFFICE : Federation House, Federation Marg , 11-6-841, Red Hills, Hyderabad 500004,  
Telangana, India. Tel : 91-40-23395515 to 22 (8 lines), Fax : 91-40-23395525  
e-Mail : info@ftcci.in ; website : www.ftcci.in

**Ramakanth Inani**  
President

**K. Bhasker Reddy**  
Senior Vice President

**Anil Agarwal**  
Vice President

### The Secretary,

TSERC

5<sup>th</sup> Floor, Singareni Bhavan,  
Red Hills, Hyderabad

#### **1. 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 18<sup>th</sup> 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 1<sup>ST</sup> 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/Comml/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:**

- with
- A) Any revision in the estimated cost. Has NTPC filed any petition 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' costs of evacuation from STU instead of CTU. We further request TSDISCOMS' to explain paragraph I) of their submissions dated 18<sup>th</sup> 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, Gol, for allocation of linkage of coal from Singareni mines instead of Odisha state mines for the TSTPP.”***

As per additional submissions of TSDISCOMS dated 18<sup>th</sup> 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 18<sup>th</sup> 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 VIEWS 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 18<sup>th</sup> August 2020, in page 6 of 10 is not clear to us. We request TSDISCOMS to clarify.

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

**Place: Hyderabad**

**Date: July 6, 2021**