

CHAPTER 7

DIRECTIONS

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 on a quarterly basis. The directives are given below -

7.1 Removal of constraints:

The Commission directs the petitioner to provide an action plan as well as investment plan so that all following constraints are removed expeditiously :

- i. Transmission constraints such as frequent tripping of transmission lines.
- ii. Backing down of units because of no demand from JSEB.
- iii. Frequent outages due to tube leakages, etc.

7.2 Energy Audit:

The Commission directs TVNL to have energy audit of their plant carried out by an Accredited Energy Auditor as per the provisions of the Energy Conservation Act, 2001 and submit the Energy Audit findings to the Commission. The Commission has observed that the auxiliary consumption that has been reported by TVNL in its petition for FY 2007-8 is quite high. Also, it has reported very high station heat rates. The energy audit must focus on these two issues and recommend steps along with cost and time schedule for achieving values as per norms.

7.3 Completion of MGR:

The Commission directs the petitioner to expedite the completion of work on the MGR at the earliest.

7.4 Maintenance Plan:

The Commission has observed that TVNL does not have a proper Scheduled Maintenance Plan nor does it have a proper coded spares inventory management system due to which the plant is incurring heavy operational losses. The Commission directs TVNL to have a well documented spares inventory management system and maintenance plan which clearly spells out each maintenance activity, personnel involved, tools, tackles, time schedule,

shutdown, spares and action are required to be performed. TVNL should have its own self contained Workshop.

7.5 Spares codification and computerized Maintenance Management System:

The Commission directs TVNL to codify and classify its spares according to its use, value, criticality, lead time and have arrangements either in-house or with other generating stations or with equipment suppliers so that high value critical spares can be arranged in a very short time.

The Commission also directs TVNL to have a computerized Maintenance Management System and Spares Inventory Management so that maintenance activity can be tracked and smoothly carried out.

7.6 Water Chemistry:

The Commission directs TVNL to maintain the DM plant properly and report to the Commission values regarding water chemistry, especially pH value, conductivity, oxygen content on a monthly basis.

7.7 Specific Oil Consumption:

The Commission has observed that the specific oil consumption reported by TVNL in its petition for FY 2007-08 is higher than the normative levels. The Commission directs TVNL to bring down its specific oil consumption to normative levels during FY 2007-08.

7.8 Ash Utilization and Management

In tariff order for FY 2005-06, the Commission had directed TVNL to maximize its ash utilization potential and reduce expenditure on disposal of ash. However, TVNL reported increased expenditure on ash disposal in tariff petition for FY 2007-08. 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 must be reported on a quarterly basis otherwise the Commission may take action for disobedience of Commission's order. In the next tariff order expenditure on this head may not be allowed.

7.9 Actions should be taken for 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 Rs.802 Crores as on 31st August 2007. The Commission has received the

correspondence between TVNL and Government of Jharkhand for recovery of dues from JSEB. The Commission directs TVNL to take action for recovery of dues from JSEB.

7.10 TVNL should seek revision of its PPA with JSEB from single-part tariff to two-part tariff.

As per the PPA, TVNL is allowed to recover dues from JSEB on the basis of single-part tariff only, which does not allow recovery of capacity charges (i.e. not linked to actual generation). As a result of this arrangement TVNL is able to recover even lesser amount from JSEB at times when one of its units is out of order. **Thus the Commission directs TVNL to revise its PPA with JSEB.**

7.11 The Commission noted that the TVNL management failed to take suitable action to put the unit back in operation after it broke down in the month of May 2007. The delay in putting the unit back in operation results in higher cost. **The Commission therefore directs the TVNL to take suitable measure so that the unit which is broken down should be put to operation in a year's time, failing which the Commission may review the tariff on the basis of its 80% availability and PLF.**

7.12 The Commission noted that TVNL has not reduced its liability of loan though it has raised the bills which are still outstanding with JSEB. **The Commission directs the TVNL to recover its dues from the Board and for future ask the Board to open Letter of Credit for the purchase of power. The Commission also directs the TVNL to submit its schedule for repayment of loan within a period of three months.**

This Tariff Order will be effective from **1st January 2008.**

Sd/-
(S.Sinha)
Member (Legal)

Sd/-
(P.C. Verma)
Member (Tech)

Sd/-
(S.K.F. Kujur)
Chairman